

Bosnian Sees War Sparking Terrorism Vice President Assails Europe

Compiled by Our Staff From Dispatches

SARAJEVO, Bosnia-Herzegovina — As a divided Bosnian presidency met in Croatia on Friday to discuss a new peace plan for Bosnia, Bosnia's vice president warned that the war could drag on for 15 years and spawn terrorist attacks in Europe.

The vice president, Ejup Ganic, also bitterly attacked Europe, particularly France and Britain. Bosnian Muslims, he said, were "naive" to have expected help from European countries.

Seven members of the collective Bosnian presidency met in Zagreb, the Croatian capital, without the Muslim president, Alija Izetbegovic, to discuss the peace plan. A day earlier, the presidency members attended peace talks in Geneva at which the republic's Serbs and Croats agreed that Bosnia should become a confederation of three ethnic minorities.

But the leadership appeared increasingly confused Friday over how to respond to the Serbian-Croatian plan.

Among the seven meeting in Zagreb, some flatly rejected proposals to make Bosnia a three-state "confederation," while others appeared willing to consider it.

A presidency member, Miro Lazovic, a Bosnian Serb, said the leaders would study what is known of the proposal "to see what we can accept and what we cannot."

"But we have an absolute 'no' for the confederation proposal," he said.

However, Miro Lasic, a Croatian member, said there was "no need to reject the idea of confederation in advance. If that will bring peace, we are ready for that, too."

Mr. Ganic, who boycotted both the Geneva talks and the Zagreb meeting with Mr. Izetbegovic, said that the plan would legitimize genocide and that he preferred to fight to preserve a multicultural Bosnia-Herzegovina within the existing borders.

"The war will be here for 10 or 15 years," he asserted.

Bosnia would continue to defend itself, he said, adding, "If the international community decided to finish with us, of course terrorism will start all over Europe."

He said that a million Bosnians lived in Western Europe and that while he was not inciting terrorism, he would not be able to stop it.

"We are very much disappointed by France," he said, criticizing French politics as "wishy-washy."

He said that while the French

people supported Bosnia, the government did not. "But the British are worse," he added.

Bosnians, he said, had paid the price of what he called the anti-Islamic attitude of Britain and, to a certain extent, France.

In other developments Friday: A small U.S. advance military team arrived in Skopje, Macedonia, from Germany to pave the way for a peacekeeping mission by 300 American soldiers.

Fighting between Muslims and Croats intensified in central Bosnia. UN military officials and Bosnian radio reported heavy fighting north of Sarajevo along a new front where fighting erupted Thursday between the Muslim-led Bosnian Army and Bosnian Croat forces.

In Belgrade, a former Communist technocrat was elected president of the rump Yugoslav state, which consists of Serbia and Montenegro. He replaced Dobrica Cosic, who was deposed a month ago. Zoran Djindjic, 39, a member of Serbia's ruling Socialist Party, won a majority in both chambers of the federal parliament. His candidacy also was supported by deputies from the ultranationalist Serbian Radical Party and Montenegro's Democratic Party of Socialists.

(AFP, Reuters, AP)

U.S. to Put Sanctions on Russians for Missile Sales

By Michael R. Gordon

New York Times Service

WASHINGTON — The United States has imposed sanctions on Russian companies for selling missile technology in violation of international export controls, according to Clinton administration officials.

But the sanctions have been waived until mid-July while Washington and Moscow make a last-ditch effort to resolve their differences.

The decision to impose the sanctions, which would bar American companies from doing business with the Russian companies, marks a further escalation in the dispute between Washington and Moscow over Russia's export of missile technology.

The rift between the two sides was underscored on Thursday when Prime Minister Viktor S. Chernomyrdin of Russia postponed his scheduled visit to the United States.

Mr. Chernomyrdin had planned to meet with Vice President Al Gore to conclude an accord on space cooperation. But reflecting its effort to stem the spread of weapons of mass destruction, the Clinton administration has linked the issue of space cooperation with Moscow's adherence to missile export guidelines.

Until the two sides resolve their differences, Washington does not want to offer a share of the lucrative business of launching U.S. commercial satellites or to let Russians share the work on the multi-billion-dollar space station.

U.S. and Russian officials said the issue will be taken up when President Bill Clinton meets with President Boris N. Yeltsin at the meeting of the Group of Seven industrialized nations in Tokyo on July 7 to 9. That would give them a last opportunity to solve the dispute.

Russia has not joined the Missile Technology Control Regime, an international agreement that restricts the sale of missile technology. But Russia has asserted that it is adhering to terms of the accord.

Despite this, American officials say that the Russians have violated its terms by agreeing to sell rocket engine and missile production technology to India.

Other Russian actions have raised concern about Moscow's compliance with the accord, including a recent shipment of Russian chemicals, which U.S. officials say was intended for Libya.

The sanctions are required by law once it has been determined that a company has violated the guidelines.

Nonetheless, there has been considerable discussion about the issue as Washington has sought to balance its commitment to stem the spread of dangerous weapons with its effort to help prop up Mr. Yeltsin's regime.

It is unclear what effect the sanctions will have. One administration specialist said that Mr. Chernomyrdin was beholden to Russian industrialists and that many of them favor the sales to help their companies.

Russia Cautions U.S. on Nuclear Tests

By Fred Hiatt

Washington Post Service

MOSCOW — The Russian parliament and senior Russian officials have urged the Clinton administration to continue a ban on nuclear testing, saying a resumption would encourage Ukraine and other nations to seek membership in the club of nuclear nations.

Foreign Minister Andrei V. Kozhevnikov said this week that Russia would not be the first to end the moratorium and in fact would "probably be the last to carry out tests." But he also said it was unreasonable to expect any nuclear power to refrain from testing if others resumed a full-scale testing program.

The Congress of People's Deputies passed a resolution warning of a threat to the Nuclear Nonproliferation Treaty if tests resume and urging other nuclear nations — the United States, France, China and Britain — not to "miss this historic chance" to end nuclear testing.

The U.S. Congress, responding in part to President Boris N. Yeltsin's moratorium, last year enacted a freeze on nuclear underground explosions that expires July 1. President Bill

Clinton is reported to be leaning toward a resumption of a few nuclear tests per year, phasing them out by 1996.

Yevgeni Ambartsumov, chairman of the Russian parliament's foreign affairs committee, said such a resumption would increase pressure on Mr. Yeltsin to allow tests here, for the first time since the breakup of the Soviet Union. He said it also could make Ukraine less willing to give up the nuclear arms it inherited when the Soviet Union fell apart.

"Other candidates to the nuclear club will think that if great powers are doing as they wish, it's permissible also for them to proceed," Mr. Ambartsumov said, mentioning Ukraine and North Korea specifically.

The caucus deputy also suggested that a resumption of tests could complicate prospects for Russian ratification of the START-2 arms reduction treaty.

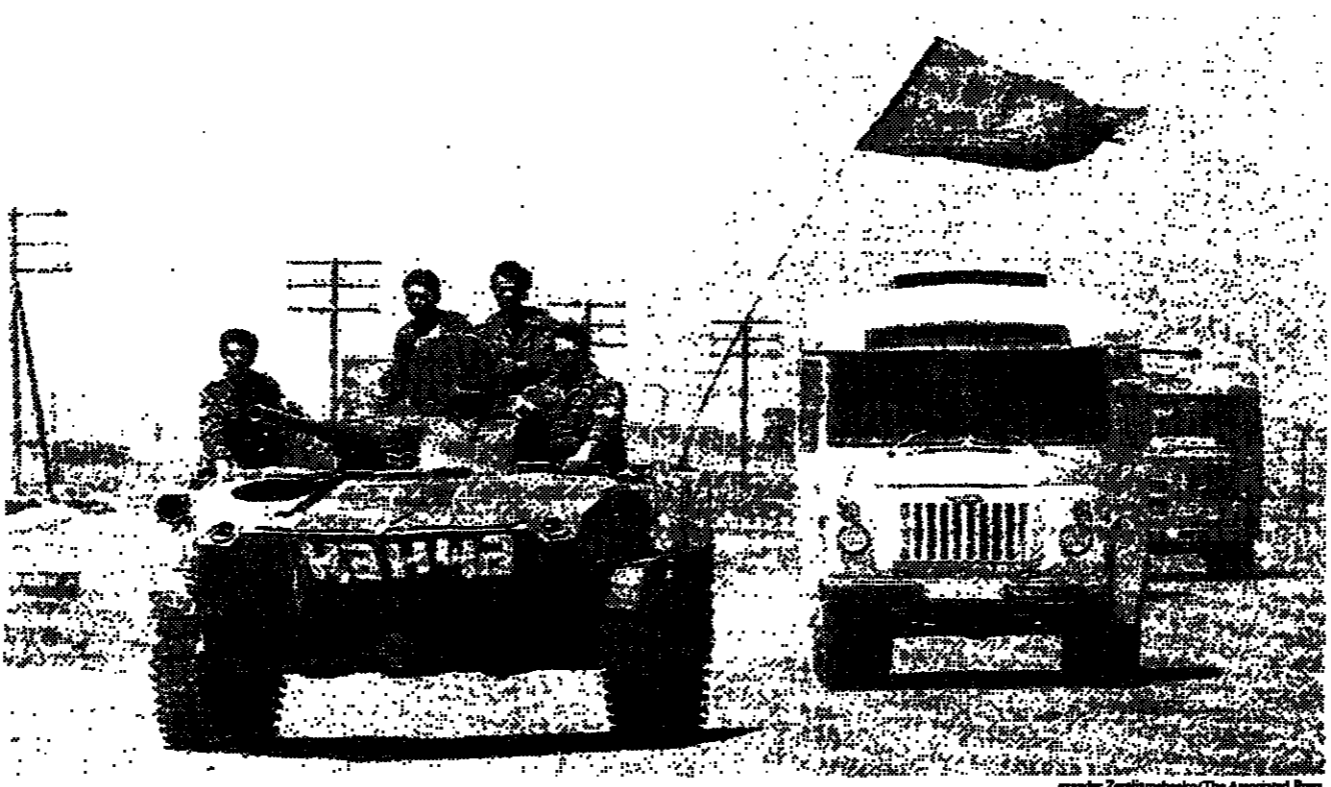
As in the United States, Russia's influential nuclear arms complex has been lobbying for a resumption of tests, arguing that they are necessary to ensure the safety of weapons in the arsenal. But, in part because the weap-

ons industry here is strapped for resources and in part because the main Soviet testing ground lies in what is now the independent nation of Kazakhstan, the lobbying is probably less intense.

Russian officials have said they are technically able to resume underground tests in Novaya Zemlya, the Arctic Ocean island that was the Soviet Union's secondary testing ground. But Alexei Yablokov, Mr. Yeltsin's ecology adviser, warned in a recent article in Izvestia that such tests could endanger the fragile Arctic environment.

Mr. Yablokov urged the United States not to resume tests, but he also expressed the hope that Russia would maintain its moratorium and keep pressing for a global test ban even if Mr. Clinton authorizes a resumption of testing.

Many Russians believe that the United States wants to resume testing, not to check on the safety of its existing arsenal, but to perfect new types of "third-generation" nuclear weapons that would be more sophisticated than anything in the Russian arsenal.



Troops loyal to a rebel leader, the former colonel Suret Huseynov, patrolling the outskirts of Baku, capital of Azerbaijan, on Friday.

Azerbaijan Leader Calls Vote a State Coup

Compiled by Our Staff From Dispatches

BAKU, Azerbaijan — The beleaguered president of Azerbaijan accused parliament on Friday of carrying out a coup when it voted to turn his powers over to the nation's former Communist leader.

"I regard the declaration of parliament as contrary to the constitution," Abulfaz Elchibey said, in a statement transmitted from a remote mountain retreat. Mr. Elchibey, who was popularly elected, fled the capital ahead of a rebel advance last week.

Late Thursday, lawmakers in the former Soviet republic voted to hand over his powers to the parliament speaker, Geidar Aliyev, a former member of the Soviet Union's Politburo and the longtime party boss of Azerbaijan.

"I consider this state coup, carried out by parliament, to mean the completion of the military coup," Mr. Elchibey said.

Mr. Elchibey has refused to leave his home village near Nakhichevan until rebel troops surrounding Baku are withdrawn.

Declaring himself fully able to carry out his duties, Mr. Elchibey said that "as legal president, I will continue using all democratic means at my disposal to overcome the consequences of the coup."

Mr. Elchibey was elected in June 1992 in a nationalist backlash against the former Communist government.

He technically remains in office without power, pending a report from a government commission investigating the deaths of 70 people in a clash earlier this month between government and rebel forces in Azerbaijan's second city, Gyanzha, the rebel stronghold in the northwest.

The rebels are led by Suret Huseynov, a former colonel deposed by Mr. Elchibey earlier this year. Mr. Huseynov has demanded that

Mr. Elchibey resign for bungling Azerbaijan's five-year war with Armenia over Nagorno-Karabakh, a mostly Armenian enclave inside Azerbaijan.

Mr. Elchibey has said he will step down if the panel concludes he is to blame for the Gyanzha deaths. If he does not resign, parliament is expected to impeach him and call new elections.

Fighting has continued in Gyanzha, with two rebel leaders reported killed.

The Conference on Security and Cooperation in Europe has been trying to engineer a negotiated peace in the bitter conflict and was about to deploy observers. But the new crisis has put the peace plan on hold.

It was unclear whether parliament's decision to hand power to Mr. Aliyev would resolve Azerbaijan's political crisis. Mr. Huseynov and Mr. Aliyev have been vying for power since Mr. Elchibey fled Baku. (AP, AFP)

Iraq's Nuclear Fuel to Go to Russia

Reuters

BAGHDAD — A team of United Nations nuclear experts arrived in Iraq on Friday to arrange for the removal of uranium that Baghdad could have used to make a bomb, UN officials said. The uranium is to be sent to Russia.

"We are going to work with Iraqis to try to arrange for the removal of irradiated fuel from Iraq," said Bob Kelley, a nuclear engineer at the International Atomic Energy Agency, who is leading the team.

A UN spokesman, Jan Fischer, said in Bahrain that Russia had won a contract to take radioactive fuel that Iraq could have used in making a nuclear bomb.

The 10 inspectors are to make detailed arrangements for the removal of about 40 kilograms (90 pounds) of irradiated fuel, which the spokesman said was enough for one or two bombs.

Under terms of the Gulf War cease-fire, Iraq is required to dismantle its weapons of mass destruction and permit inspections by UN teams.

Contractors in several countries had either

sought or been asked to undertake the removal and processing of the fuel. The Russian Ministry of Nuclear Energy, Minatom, won the contract. The spokesman did not say how much it was worth.

The environmental lobby is active in Russia, but the spokesman said 40 kilograms is only a tiny fraction of the stocks of fuel held by Russia. "It's a speck of dust compared to what's already there," he said.

The inspection team arrived as the United Nations and Iraq disputed the installation of remote cameras at two rocket test sites near Baghdad.

President Bill Clinton said in Washington on Friday that the standoff over monitoring the test sites was serious and must be resolved quickly.

Baghdad has refused to allow UN inspectors to install the cameras. It has also refused to remove chemical production equipment to a destruction site, as requested, according to UN officials.

"It is quite serious," Mr. Clinton said. "I would expect that the matter will have to be resolved one way or the other in the fairly near future."

Amazon Study Cites Worsening Harm to Fauna

Reuters

WASHINGTON — Fewer trees are being cut in the Amazon rain forest than previously estimated, but three times as many animal and plant species are being killed or pushed near extinction as remote sanctuaries are disrupted, according to a new study.

NASA-supported satellite research of the Brazilian Amazon found that an average of 5,800 square miles (15,000 square kilometers) of trees were cleared annually from 1978 to 1988. Earlier studies had found that 15,000 square miles and more were being deforested each year during the same period.

"We found one-half to one-third of what some people have been estimating," Compton Tucker, a research scientist at the Goddard Center of the National Aeronautics and Space Administration, said at a news conference.

Though the improved picture for deforestation is encouraging, said Mr. Tucker, "if you are talking about biological diversity, then I don't see any reason for optimism."

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KURDS: Turkey Warns of Weekend Terrorist Attacks

Continued from Page 1

assassination of rival Kurdish militants.

Of the 13 men who took over the Munich consulate, 12 are Turkish citizens and 11 reside in Germany, prosecutors said. The hostage-takers could receive as long as 15 years in prison for holding the consulate staff and for seeking to blackmail the Bonn government.

The hero of the drama was Bernd Schmidbauer, Chancellor Helmut Kohl's chief aide on intelligence matters. Thursday morning, shortly after the Kurds took over the consulate at 9 A.M., a terrorist who called himself "Memo" called the embassy in Bonn from inside the consulate. Memo demanded to speak to Mr. Kohl but was transferred instead to the embassy situation room, where Mr. Schmidbauer joined the call.

According to police accounts, Memo at first resisted talking to Mr. Schmidbauer, saying he had never heard of him. But Mr. Schmidbauer kept Memo talking, if erratically, for an hour.

"We had a very nervous criminal," Mr. Beckstein said. "Our concept was to win time and calm the situation. Time works in favor of the security authorities."

In a second call later in the day, Mr. Schmidbauer persuaded

Memo to agree to an in-person meeting. While police psychologists and negotiators worked on getting the Kurds to release all women hostages, Mr. Schmidbauer flew to Munich, arriving at 8:15 P.M.

After he held a planning session with the police, he and Memo met on the sidewalk outside the consulate and talked for an hour. The Kurd initially insisted that Mr. Kohl appear on television to demand that Turkey cease hostilities against Kurdish settlements. "I categorically rejected that," Mr. Schmidbauer, told the German news agency DPA.

Instead, the German official said he focused on persuading Memo that "there was no further purpose in occupying the consulate." Finally, just before midnight, Memo and the other Kurds surrendered their weapons — two pistols, two gas-firing pistols, a tear-gas sprayer and a knife — and came out of the building with the hostages.

"Reason prevailed," Mr. Beckstein said. "No deal was made that we need be ashamed of."

The hostage-takers are likely to be tried in Germany rather than deported to Turkey because German law forbids extradition of prisoners to a country in which they might face the death penalty.

Next month, the New York precinct police station known as Fort Apache, The Bronx will close, and its officers will move to a gleaming new \$13.5-million building seven blocks away. The move symbolizes the renaissance of the neighborhood itself.

The South Bronx is still poor, and rife with drug-dealing and prostitution. But, The New York Times reports, it is not the human zoo depicted in the 1981 movie, "Fort Apache, The Bronx." By the time the film was made, the precinct had actually earned a second nickname: "Little House on

the Prairie," because two-thirds of the 93,900 people who lived within its boundaries in 1970 had fled.

These days, new single-family dwellings rise from lots once strewn with trash. "It was a neighborhood that rebuilt itself," said Mario Tolisano, vice president of Sebo Inc., the church-based developer responsible for 3,000 new houses and apartments in the area.

The old station house, a stocky stone bunker built in 1914, has been given landmark status by the city. After an \$8 million renovation it will house the headquarters for Bronx detectives and other police specialty units.

Short Takes
A judge in a Seattle small claims court rejected a lawsuit by Alfred J. Deskevich Jr., 51, a design engineer, to recover the \$1,154.53 he spent for treatments

WORLD BRIEFS

Russia Surprised by Japan Fund Cut

MOSCOW (AFP) — Russia said Friday that it was "at the very least surprised" by Japan's contention that a proposed \$4-billion-dollar privatization fund from the Group of Seven nations should be scaled down to \$500 million. Interfax reported.

A Russian Foreign Ministry spokesman, Sergei Yastrebnskiy, said in a briefing that the comment made by Foreign Minister Katsunobu Ito of Japan this week demonstrated that Japan lacked "a positive approach" to the Tokyo talks.

President Bill Clinton announced the privatization fund during the Vancouver meeting with President Boris N. Yeltsin in April, but U.S. participation in the aid package is conditional on that of other G-7 governments.

Khmer Rouge Accepts Advisory Role

PHNOM PENH (AP) — The Khmer Rouge on Friday accepted an advisory role in the interim government, and Prince Norodom Sihanouk, the head of state, welcomed the news that the Khmer Rouge president, Khieu Samphan, planned to return to the capital from self-imposed exile in September.

The moves softened the Khmer Rouge's increasing isolation since it boycotted last month's UN-organized election. The group is crucial to Cambodia's stability because its more than 10,000 guerrilla fighters control a fifth of the national territory.

The Khmer Rouge said the group would accept Prince Sihanouk's offer for it to serve as an adviser to a temporary administration that will rule until the newly elected government takes office in August.

18 Killed in Fire at a French Clinic

RENNES, France (AFP) — Eighteen people were killed when a fire swept through a psychiatric clinic as patients slept early Friday in suburban Bruz, rescue services said. Thirty-five people were injured, five seriously, and were in hospital.

The victims were 17 patients, who were burned to death or suffocated as they slept, and a night watchman, officials said. One person was missing.

The director of the clinic said most of the patients did not understand what was going on when firemen rushed in to wake them. "Some reacted violently," she said. "One threw herself out a first-floor window." Firemen said the cause of the fire was not immediately known.

U.S. Tanker Hit in Mogadishu Port

WASHINGTON (Reuters) — A U.S. tanker was hit by a shell in Mogadishu port on Friday and was leaking fuel, the U.S. Navy Station Command said. It said that the American Osprey was hit by a shell, possibly a rocket-launched grenade, at the pier while it was offloading fuel.

"The ship's master reports there are no fires, no flooding and no injuries, but the ship is leaking cargo fuel," the command said. Officials said initial reports indicated that the ship had a four-inch (10-centimeter) hole 12 feet, or 3.6 meters, below the main deck on its starboard side.

About 200 barrels of cargo have leaked so far, the statement said. The Osprey has a crew of 30 and was carrying about 108,000 barrels of fuel for UN peacekeepers.

Civilian Rule Again Vowed in Lagos

LAGOS (NYT) — Nigeria's military leader, General Ibrahim Babangida, insisted Friday that a democratically elected government would be installed as scheduled in August, despite his announcement of presidential elections held earlier this month.

General Babangida, who was speaking to reporters after a meeting with senior military and police officers in Nigeria's capital, Abuja, said he would explain his plans in a speech to be broadcast to the nation on Saturday. The speech had been scheduled for Friday night. "We are committed to democracy," he added, "we shall install a democratically elected president."

His remarks, coming after nearly two weeks of political upheaval, did little to assuage the fears of many Nigerians who are convinced that the military has no intention of ending its decade-long grip on power.

Court Won't Limit Punitive Damages

WASHINGTON (NYT) — The Supreme Court upheld a \$10 million award of punitive damages for a \$19,000 injury, in a ruling that again dashed the hopes of critics of the tort system who wanted the court to place a meaningful constitutional limit on punitive damages.

The 6-to-3 ruling made little if any new law, and no one opinion attracted a majority of five votes. It was the fifth time in recent years that the justices have failed to issue a definitive ruling on punitive damages after suggesting they were troubled by the issue and were willing if not eager to do something about it.

In a plurality opinion by Justice John Paul Stevens, the court upheld a ruling by the West Virginia Supreme Court of Appeals, which in turn had upheld a jury's verdict in a case involving disputed rights to an oilfield in McDowell County, West Virginia. The jury found that TKO Production Corp. acted in bad faith when it brought a frivolous lawsuit intended to deprive Alliance Resources, Inc. of oil and natural gas royalties TKO had promised to pay in return for Alliance's rights to the property.

For the Record

Michael Heseltine, the British trade and industry secretary, on Friday left a Venice hospital where he had been treated after a heart attack. He headed home for Britain. (Reuters)

John Wheeler, 53, a Conservative member of the British Parliament, was named Friday to succeed John Mates, who resigned Thursday under fire as junior minister for Northern Ireland. (AFP)

TRAVEL UPDATE

U.S. Orders Airline Cabin Air Probe

WASHINGTON (NYT) — Transportation Secretary Federico F. Peña has ordered a preliminary inquiry into the air quality of airplane cabins. To cut costs, U.S. airlines have been circulating less fresh air in flight. Flight attendants and passengers have complained of headaches, nausea and other health problems, especially after long flights.

Richard Mintz, a spokesman for Mr. Peña, said officials would be working with the Centers for Disease Control and Prevention and other government health agencies to assess the levels and potential dangers of airborne toxins, viruses and bacteria.

Air France navigation staff based in Noumea, New Caledonia, have ended a strike for better working conditions after three weeks following an agreement with the company, an official source said. (AFP)

Switzerland will open a new Geneva bypass this weekend that completes the missing link on a highway from the Alps to the Mediterranean. Built over 12 years at a cost of 1.3 billion Swiss francs (\$800 million), it takes the favored route of Le Scandion and German drivers sweeping around the city and down the Rhône Valley to the sea. (Reuters)

The Houdon Museum in Nice has reopened after six years of renovations. Housed in a 17th-century Italian-style villa, the museum contains nearly 600 paintings, drawings, engravings and sculptures by the French artist, who died in Nice in 1954 at 87. (Reuters)

I have lost a man of stature
and a close friend
DIEGO GIORDANO
*1915 + 12.05.1993
He will be sadly missed by
DRAGOS EMMANUEL WITKOWSKA
June 1993

AMERICAN TOPICS

Bronx's Fort Apache Is Closing Up Shop

Next month, the New York precinct police station known as Fort Apache, The Bronx will close, and its officers will move to a gleaming new \$13.5-million building seven blocks away. The move symbolizes the renaissance of the neighborhood itself.

The South Bronx is still poor, and rife with drug-dealing and prostitution. But, The New York Times reports, it is not the human zoo depicted in the 1981 movie, "Fort Apache, The Bronx." By the time the film was made, the precinct had actually earned a second nickname: "Little House on

to quit smoking. The judge said the three-year statute of limitations had expired, since the complainant had first tried to quit in 1971. Mr. Deskevich asked to recover the expense of nicotine patches, doctor's visits and a health club membership. He said he was uncertain about filing an appeal.

Automobile manufacturers are usually delighted to see their products used in films — so delighted, indeed, that most of them offer movie studios the same basic deal: vehicles used on screen are free, except for insurance and the cost of any post-production repairs. No cars are provided for off-camera use by the cast or crew. There are several taboos, however. No negative portrayals of loaned cars are allowed. If a production needs a car for a bad guy to drive, it can go out and buy one.

Arthur Higbee

STATESIDE / NOW, SEEKING COMPROMISE

Bell Rings for Round 2 on the Deficit

By David S. Hilzenrath
Washington Post Service

WASHINGTON — After all the delicate deals, presidential appeals and political arm-twisting it took to get versions of President Bill Clinton's package of tax increases and spending cuts through first the House and now the Senate, the process is about to begin anew.

It falls to a panel of House and Senate negotiators, led by the House Ways and Means Committee chairman, Dan Rostenkowski, Democrat of Illinois, and the Senate Finance Committee chairman, Daniel Patrick Moynihan, Democrat of New York — to bridge the differences between the two.

The challenge for the conference committee will be to craft a compromise that will continue to command the support of majorities in both chambers, which will have to vote again on the result.

For the administration, it will be one more chance to try to shape the outcome. The administration will have to rely on its persuasive power. Although Mr. Clinton could veto the final product if he found it objectionable, few lawmakers consider that a credible threat.

For politicians confronting an array of unpopular choices about whose taxes to raise and whose programs to cut, the conference committee can relieve some of the pressure. Deals struck earlier to move the bill through legislative logjam, like the Senate Finance Committee

can be undone, and positions taken for public consumption can be reversed without personal accountability.

Congressional officials said the conference could begin as soon as next week and could take several weeks to complete.

The conferees will have to resolve some of the most bitterly contested issues in the budget package:

• The energy tax. The House bill includes a modified version of the broad-based tax Mr. Clinton pro-

posed on most forms of energy, from the electricity that powers factories to the natural gas that heats homes. The Senate rejected that proposal, opting instead for a 4.3-cent-per-gallon tax limited to transportation fuels such as gasoline, diesel and jet fuel.

• Investment incentives. The Senate proposed scrapping or reducing many tax breaks passed by the House that were central to Mr. Clinton's strategy for encouraging investment and promoting eco-

nomic growth. They include incentives for the development of high-speed rail systems, credits for hiring youth apprentices, relief for businesses with large investments in plant and equipment and relief from the capital gains tax for people who make direct, long-term investments in small businesses. The Senate proposed to increase the tax on profits from the sale of securities and other assets for the wealthiest taxpayers.

• Medicare. The House proposed restraining the growth of Medicare by \$50 billion over five years, but the Senate called for another \$10 billion of savings. The additional Senate cuts are designed to come from payments to doctors, hospitals and other health care providers.

• The Earned Income Tax Credit. The House endorsed Mr. Clinton's proposal to expand this wage booster for the working poor by \$28.3 billion over five years, but the Senate approved an increase of only \$18.3 billion. The Senate version provides somewhat smaller benefits and a lower income ceiling for beneficiaries.

• Real estate. The House inserted a provision that would ease the tax liabilities of real estate developers and others who cannot repay mortgages on commercial real estate. Advocates said it would help troubled developers negotiate easier repayment terms with lenders, but the Senate deleted that provision.

Category	Change
Revenue	-\$73
Expenditures	-\$1
Deficit	\$74
Total	25,195

Source: Congressional Budget Office



Vice President Al Gore speaking Friday on Capitol Hill, backed up by Senators Jim Sasser of Tennessee, the Budget Committee chairman, left, and George J. Mitchell of Maine, the majority leader.

Rebel Democrats

WASHINGTON — Six of the 56 Democrats in the Senate defected from President Bill Clinton and voted against the deficit-reduction package early Friday morning.

BUDGET: A Close Decision

Continued from Page 1 and other programs continue to rise and the government borrows to pay bills.

In the final moments before the vote, the Senate Republican leader, Bob Dole of Kansas, said that with this package Mr. Clinton "has earned his place on Mount Tax-

Funds or Not, Aspin Favors 'Win-Win' Strategy

By John Lancaster
Washington Post Service

WASHINGTON — Defense Secretary Les Aspin says the United States can and should preserve its ability to fight and win two regional wars at once, even while making big cuts in forces and personnel.

Mr. Aspin, in a speech Thursday at Andrews Air Force Base, apparently signaled a course correction for the Pentagon, which in the final weeks of a huge internal effort to chart a new force and strategy for the post-Cold War era.

Just a few weeks ago, Pentagon policy planners had been moving toward a strategy in which the United States would plan for sequential, rather than simultaneous, conflicts. The idea was that if two regional wars erupted at once, the nation would throw

massive amounts of force into the first conflict and use air power to hold the line in the second. After winning the first war, U.S. forces would go on to win the second.

Mr. Aspin, however, appears to have reconsidered what has been dubbed the "hold-win" option. "After much discussion and analysis, we've come to the conclusion that our forces must be able to fight and win two major regional conflicts, and nearly simultaneously," the defense secretary said.

Mr. Aspin has not offered details of how the strategy would translate into hardware and personnel, so it is impossible to shift in substance or packaging. To some critics, the strategy question is academic anyway, since the Pentagon already is under orders to cut \$88 billion from its budget over the next four

years and has relatively little room to maneuver.

"We're wrapping a veneer of strategy on a budget that's already been decided," said a mid-ranking officer who is tracking the strategy review inside the Pentagon.

Mr. Aspin, however, contends that while he has to live within these constraints, he still has wide latitude to shape the military. According to a senior official who reflects Mr. Aspin's views, the defense secretary may choose to preserve some force structure by shifting funds from weapons-modernization accounts.

Mr. Aspin sketches a strategy for doing more with less. He said, for example, that the United States could maintain its ability to win two simultaneous wars by relying more heavily on technology, in particular "smart" anti-armor weapons that can defeat enemy tanks at great distances.

Mr. Aspin also asserted the need to maintain a strong overseas presence by using smaller forces more creatively. He said, for example, that a "sustained naval presence" in the Mediterranean, Persian Gulf and the Gulf does not necessarily mean to be filled with naval battle groups built around aircraft carriers. In some circumstances, he said, the nation could do the job with smaller expeditionary forces or air force squadrons rotated to land bases in the regions.

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Behind the Yale Bomb: Mystery Campus Terrorist

By Stephen Labaton
New York Times Service

NEW YORK — A letter bomb that wounded a prominent computer science professor at Yale University last month is the re-emergence of a mysterious bomber who terrorized campuses and high-technology companies around the country since the 1970s, federal officials say.

William S. Sessions, the FBI director, said the agency had sent a message by computer network to most university computer science departments to be on the alert for suspicious packages.

The bomb at Yale went off in the hands of David Gelernter, 38, the director of undergraduate studies in computer science at Yale. Moments after the bomb exploded, ripping off his shirt, he ran from his fifth-floor office at Yale's computer science center building to a health clinic a block away, leaving a trail of blood.

Mr. Gelernter's condition was upgraded from critical to serious after surgery. He suffered severe wounds to his abdomen, chest, face and hands.

Mr. Gelernter, who had studied to become a rabbi, is best known for inventing an innovative computer programming language he named Linda, after the pornography star Linda Lovelace. It has attracted a wide following in both the scientific world and in certain commercial applications, including publishing and computer animation. He has also expressed a strong commitment to applying computer technology to a wide array of social and economic problems.

Officials said that after the bombing, the switchboard at the Veterans Affairs Medical Center in West Haven, Conn., received a call from someone who said, "You are next."

Mr. Gelernter's brother, Joel, an assistant professor of psychiatry at the Yale Medical School, works at the medical center, but Dean Eserman, assistant chief of the New Haven police force, said the authorities did not know if the bombing and the phone threat were related.

Joel Gelernter is also a specialist in genetics, and the authorities said they did not know if threats to him were also connected to the bombing Tuesday in California.

The victim in California was Charles Epstein, a geneticist, who lost several fingers and suffered a broken arm and severe abdominal injuries when he opened a padded brown envelope at his home in Tiburon, near San Francisco. Mr. Epstein, 59, continued recuperating Thursday. He is widely known for his research into Down's Syndrome and other genetic defects and heads the university's division of medical genetics.

Law enforcement officials said that they believed the mail bombs were the latest in a series of deadly parcels that have been mailed or placed by the bomber since May 26, 1978. The bombs have injured 21 people and killed one, Campbell Scrutton, the owner of a Sacramento computer shop, on Dec. 11, 1985.

Health Administrator Is Named as AIDS Czar

WASHINGTON (AP) — President Bill Clinton on Friday named Kristine Gebbie, the former Washington state health administrator, to be the first AIDS czar, saying the nation must "look for unprecedented remedies to unprecedented problems."

Ms. Gebbie, whose formal title will be AIDS policy coordinator, "a proven health-care leader," said Ms. Gebbie, a former nursing professor who left the Washington state job this spring after four years, will oversee a \$2.7 billion effort to combat the disease and lend comfort to its victims. She steps into a job that has existed only in title. The authority and duties of the post have never existed before, but circumstances now require us to look for unprecedented remedies to unprecedented problems," Mr. Clinton said. (AP)

With Usual Flourish, Wilder Challenges Robb

WASHINGTON — Employing the dramatic, offbeat style he relishes, Governor L. Douglas Wilder of Virginia made the expected announcement at an unexpected place and time. He is running against his bitter political enemy and fellow Democrat, Charles S. Robb, for Mr. Robb's Senate seat next year.

Mr. Wilder said he planned to challenge Mr. Robb within the Democratic Party for the nomination. But, Mr. Wilder warned, if he feels he is being denied a fair shot by the party, he may run as an independent.

He chose to make one of the most important announcements of his political career at an event that was not even on his public schedule — the taping of an interview program on Black Entertainment Television. The show is recorded in Washington, not Virginia, and this installment is not scheduled to be aired until Sunday.

While Mr. Wilder had promised he would make an announcement before he left for Central America on Sunday, party activists and reporters were expecting the governor to schedule a major media event in Richmond. (WP)

Congress and Gay Groups Near Agreement

WASHINGTON — After months of negotiations, the Clinton administration, Congress and homosexual rights groups have narrowed their differences over homosexual service in the military.

Nevertheless, officials say, two major hurdles remain: defining precisely the extent to which homosexuals in uniform may speak about their sexual orientation, and whether to declare homosexuality incompatible with military service.

As Defense Secretary Les Aspin prepares his recommendations for President Clinton, scheduled July 15, it has become clear that they will fall short of Mr. Clinton's campaign pledge to unconditionally lift the Pentagon's ban on homosexuals. But all the parties seem open to a compromise.

"There has been a lot of progress," said Representative Barney Frank, the Massachusetts Democrat leading the fight in Congress to lift the ban. "The gap is not unbridgeable. But it still may not be bridged."

The compromise the administration is trying to reach to win the endorsement of important lawmakers, the Pentagon and most homosexual rights groups is some version of the approach called "don't ask, don't tell." (NYT)

Only Senate Can Save Supercollider Now

WASHINGTON — The Senate is once again the only thing standing between life and death for the \$10 billion superconducting supercollider.

The House voted, 280 to 150, to kill the project already being built in Texas. The House also voted to pull the plug on the supercollider last year, but the Senate rode to its rescue.

This year, however, backers say the 130-vote chasm separating House opponents and supporters sends the Senate a strong message that may be difficult to overcome.

"The House didn't give us a lot to build on," said Senator Phil Gramm, Republican of Texas. "I don't think it's fatal, obviously, in that we still have an opportunity to do in the Senate what we did last year. But it's disappointing." (AP)

Quote/Unquote

Representative Sherrod Brown, Democrat of Ohio, before the House voted to terminate the supercollider. "Welcome to Jurassic park. Like the dinosaurs of old, the supercollider is lumbering once again across the legislative landscape, searching, foraging, seeking more federal dollars for its survival." (AP)

Away From Politics

• The federal base closing commission voted Friday to close the Charleston, South Carolina, naval shipyard, while deciding to keep open the shipyards in Norfolk, Virginia, and Portsmouth, New Hampshire. The panel also voted to shut the Flatburgh Air Force Base in New York and K.I. Sawyer AFB in Michigan and to scale back operations at Homestead AFB near Miami, March AFB near Los Angeles and Griffiss AFB in New York state.

• Two Endeavour astronauts secured a satellite's loose antennas when they left the shuttle on a spacewalk to help NASA train for the Habitable Space Telescope repair mission. G. David Low and Peter Wisoff, tethered to the shuttle as they moved about Endeavour's payload bay, spent more than two hours on their first job: securing two wayward antennas on a European science satellite locked in the shuttle's cargo bay.

• The latest wave of violent crime in Washington, in which 17 people have been killed since Monday, is prompting comparisons to Somalia and frustrating officials who recently boasted that they were beginning to get the lawless under control. Police suggest that much of the violence is linked to gang warfare. As of Thursday, the homicide total for the year had reached 216, seven more than the same date last year.

• The Senate Permanent Subcommittee on Investigations has determined that the financial problems of Empire Blue Cross and Blue Shield, the largest nonprofit health insurer, are largely a result of its own mismanagement and not unfair competition. (AP, WP, NYT)

Campbell Takes Office in Canada

Setting Example, Prime Minister Cuts Cabinet by a Third

Compiled by Our Staff From Dispatches
OTTAWA — Kim Campbell took office on Friday, the first woman to be prime minister in Canada, in a bid by the governing Conservatives to recover popularity in time to win elections this year.

She succeeded Brian Mulroney, who retired after almost nine years in office and had become Canada's most disliked postwar leader.

Mrs. Campbell, 46, quickly moved to make her mark on government by slashing the size of the cabinet by almost one-third, to 24 posts from 35, as a cost-saving measure.

She appointed her main rival for the leadership of the Progressive Conservative Party, Jean Charest, a native of Quebec, as her deputy prime minister and minister of industry and consumer affairs.

Mr. Charest was also charged with regional development in the French-speaking province, which is key to winning a majority in general elections that Mrs. Campbell must call before November.

Gilles Loiseleur, a Quebec nationalist and Mr. Mulroney's treasury board president, became finance minister. Tom Hockin, a business professor, was named trade minister.

Mrs. Campbell chose Perrin Beatty, 43, the former communications minister, as secretary of state for external affairs.

The prime minister, a lawyer from Vancouver who held the justice and defense portfolios under Mr. Mulroney, has vowed to freeze spending and do away with Canada's \$27.6-billion-a-year fiscal deficit in five years without raising new taxes.

Mrs. Campbell, Canada's first prime minister to be born in British Columbia, favors extending the North American Free Trade Agreement to Pacific-rim countries.

She will have an uphill battle to revive the Progressive Conservative Party's chances of holding onto power.

A Gallup poll released Thursday showed that the Conservatives have picked up support since Mr. Mulroney resigned, but are still trailing the opposition Liberals by 5 percentage points.

The poll said Conservative support has risen to 36 percent, from 31 percent a month ago, while the Liberals have advanced to 41 percent, from 39 percent, at the expense of the New Democratic Party, which has fallen to a 30-year low.

Mrs. Campbell has said that she will not undo the policies that turned Canadians against Mr. Mulroney, particularly free trade with the United States and a goods and services tax.

Mrs. Campbell won the leadership at the Conservative convention two weeks ago. (Reuters, AP)

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Herald Tribune

Published With The New York Times and The Washington Post

Hurting Their Own Cause

Despair and anger contributed to the attacks on Thursday by Kurdish militants against Turkish embassies and businesses in five European countries. But ignorance and zealotry were also at work in a wave of terrorism that tarnishes the Kurdish cause. The Kurds won no friends by threatening to kill 20 hostages in Munich unless Chancellor Helmut Kohl ordered an cease-fire attacking Kurdish villages in southern Turkey.

Mr. Kohl held his ground and the hostages were freed. Even so, such acts can hardly help Kurdish causes, including that of the Kurds seeking political asylum in Germany. Worse still is the moral irony: Kurds who attack Turks because they are Turks put themselves on the same level as Germany's racist skinheads who firebomb Turkish "guest workers" because of their nationality.

This moral confusion bears the familiar mark of the Kurdistan Workers Party, a

fiery Marxist group known in Turkey as the PKK, whose excesses have provoked bloody reprisals by the Turkish armed forces. In March, a cease-fire seemed possible in a nine-year conflict. But the truce collapsed in May when PKK guerrillas ambushed and killed more than 30 unarmed soldiers. That provoked mass reprisals that Kurdish hostage-takers wanted Germany to stop.

The Kurds, stateless people scattered in five countries, have been poorly treated almost everywhere. They have been bunched in Iraq and used as pawns by Syria, Britain, Russia and America. In Turkey, their very identity was denied until recently — they were called "mountain Turks," and forbidden even to speak their own language.

But the PKK prefers grievances and martyrs to a cease-fire. Taking hostages and assaulting Turkish diplomats in Europe will not shorten the agony of an ill-used people.

— THE NEW YORK TIMES.

Clarity, Please, on Bosnia

The charitable explanation of President Bill Clinton's asking the German chancellor to support a lapsed American effort to arm Bosnia's Muslims is that his aides goofed. Chancellor Helmut Kohl acceded to Mr. Clinton's request, was rebuffed by his fellow Europeans and turned around to find Washington saying that Mr. Clinton had not meant to renew his arm-Bosnia initiative after all. We can believe that: The idea of arming the Muslims fits the old Clinton administration policy of keeping Bosnia formally whole under the Vance-Owen plan but not the new Clinton administration policy of ditching Vance-Owen and embracing partition.

But even this explanation does not justify or diminish the amazing incompetence of having the president say something one day to a foreign leader on a subject of great sensitivity and importance and almost immediately claim it was not what he meant.

Still, there is also a less charitable and perhaps more plausible explanation. It is that Mr. Clinton's Bosnia policy is a shifting and unshaped thing not tightly gripped even by the president himself. For instance, it is still not clear whether earlier, in seeking allied support for offering some limited

political and military relief to the Muslims, he wanted the allies to say yes or no. Yes would mean he had allied consent but they would have to take certain risks. No would mean he could avoid those risks. If it is true that Mr. Clinton has been ambivalent about his own policy, then it is not so puzzling how his aides might have failed to keep him from setting up Chancellor Kohl.

In fact, his articulation of policy remains inadequate. If the president no longer means to encourage the Muslims to expect help in evening the odds, does he have any further thoughts about lightening the burdens of their abandonment? Does his old offer to let American troops join the peacekeepers in an agreed Bosnia solution still stand? What are now the conditions for lifting the sanctions on lifting Serbia? If what happens in Bosnia no longer matters enough to try changing, what about Kosovo, Macedonia and so on? Arching over all the particulars is the larger strategic question of whether the United States will find and assert its own mind in Balkan policy, or whether, caught up in a mood of frustration and disengagement, it will simply go with the general flow.

— THE WASHINGTON POST.

Terror on the Hudson

New Yorkers are grateful for the story they did not have to read in their newspapers or experience firsthand. Bomb attacks on Hudson River tunnels, the United Nations and FBI headquarters... assassinations of local and international public figures... mayhem, chaos, terror. The city owes thanks to federal and local anti-terrorist units for Thursday's pre-emptive arrests of eight suspects.

Thirteen years of close cooperation between federal and local anti-terrorist units paid off on Thursday. Using an informant, authorities had patiently tracked the suspects for months as they allegedly discussed targets, carried out reconnaissance, and acquired a safe house, vehicles and bomb ingredients. When the agents heard that the suspects had begun to mix fuel oil and fertilizer and that several were preparing to flee the country, they quickly moved in.

New Yorkers and other Americans rightly ask why authorities cannot erect more systematic defenses against international terrorism. Most of the suspects are originally from the Middle East, and are followers of Sheikh Omar Abdel Rahman, the fundamentalist Egyptian preacher.

Senator Alfonse D'Amato of New York,

reportedly an assassination target, calls for tougher border enforcement, making terrorism a capital crime and launching military strikes against terrorist nations. Those sound like sensible steps but do not fit the facts.

Satisfying and consistent enforcement of existing immigration and asylum rules is clearly desirable, and not just to stop terrorism. Sheikh Abdel Rahman should not have been allowed to enter the country, given his record of deadly incitement in Egypt. But his links to the terrorists arrested Thursday, and to the World Trade Center case, are indirect. And most of those arrested are legal U.S. residents.

Capital punishment is unlikely to deter people who willingly accept martyrdom and suicide missions. There is not yet enough evidence of complicity by foreign governments to justify hasty counterattacks. Bombing innocent civilians elsewhere scarcely repays threats to innocent civilians in America. And Mayor David Dinkins was right to caution New Yorkers against directing their fear and anger at Middle Easterners or Muslims as a group.

That leaves basic law enforcement — and it showed its worth on Thursday morning.

— THE NEW YORK TIMES.

Other Comment

A Bully Start by Mr. Kim

What president recently completed his first 100 days in office with an extraordinarily high popular rating, after making good on his campaign promise to carry out a number of user-revolutionary political changes? The answer is Kim Young Sam, South Korea's first truly civilian president in nearly three decades, a respected long-time dissident who now heads a sometimes uneasy ruling party coalition of old-line conservatives and determined reformers. President Bill Clinton plans to meet with Mr. Kim in Seoul in a few weeks, providing a new opportunity to underscore the importance of U.S.-South Korea relations.

Mr. Kim's presidency signifies the institutionalization of Korean democracy after an almost uninterrupted post-World War II era of military-based or military-backed authoritarian regimes. He has wasted no time since taking office in attacking the old order. He brought the armed forces to heel — he believes — foiled any chance of a future military coup by summarily discharging a dozen or more senior generals. He has launched a sweeping assault on official corruption. This month the National Assembly enacted the Public Official Ethics Law, which will require the top 7,000 civil servants and politicians to make public their personal financial affairs.

More is probably in the works, including economic reforms that, among other things, could cut back on the government's involvement in the \$300 billion economy. Washington so far has reason only to applaud what Mr. Kim has been doing. Basic

U.S.-Korea political and security relations are sound. It further helps American credibility among Koreans that, finally, Washington is able to support a freely elected moderate in Seoul.

— Los Angeles Times.

Bosnia: Shame of the West

The European Community opted at the close of the summit meeting in Copenhagen to reject the "territorial solution" agreed to by the Serbs and Croats, who decided to divide Bosnia-Herzegovina into three nations. The intention, on whose soil this terrible war is being waged, has shown itself incapable not only of ending the hostilities, but of punishing the war crimes that are shaming mankind. European leaders clearly fear getting more involved in the conflict.

The fact that the EC rejects the territorial partition is meaningless. Serbs and Croats are content to continue the war, knowing that nobody will do anything to stop it until they reach their final, definitive victory.

— El Mundo (Madrid).

The West has abandoned Bosnia-Herzegovina to Serbia and Croatia just as it abandoned Czechoslovakia to Hitler's Germany. Bosnia-Herzegovina is a human tragedy. The basic United Nations principle that says frontiers cannot be altered by use of force has been callously trampled upon. The law of the jungle, and not the law of the UN, dominates the "new world order" in the post-Cold War era.

— Cumhuriyet (Istanbul).

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OPINION

Let the Victors Not Forget Their Agenda

By Brian Beedham

LONDON — Cast your mind back, if you can, to that eons-ago time just after the Cold War had ended and the Gulf War had been won. It is worth recalling what most of us were hoping for back then in 1991. The point is not to linger on the pain of disappointed hopes, but to remind ourselves of what the purpose of that astonishing double victory seemed to be, those mere two years ago.

The agenda of the relieved victors of 1991 could have been jotted down on the back of a small envelope, as follows:

First, the countries that have brought off this triumph had better stay together. Only thus will they

can deal on farm trade. Without that farm deal there will be no new GATT agreement, and without a new set of GATT trading rules there will be an economic war of all against all.

Sharpening the danger, some Europeans now argue that the high labor costs of Europe's factories are another reason, in addition to the high prices of Europe's farmers, for building a protectionist wall around Fortress Europe. In 1991, the odds were still in favor of avoiding a global economic war. Now they are at best fifty-fifty.

The slippage of the odds is even worse when you turn to the prospects for nuclear proliferation.

North Korea said earlier this month that it might not, after all, withdraw from the Nuclear Nonproliferation Treaty. But there is still no word that the world's nuclear inspectors are therefore about to take a look at North Korea's two suspect nuclear sites, as the treaty says they should. If no such inspection takes place, and if no other way of getting at the truth is found, it will have to be assumed that the world is going to let Kim Il Sung make his bomb in return for a meaningless tip of his cap at that treaty.

Meanwhile, in Ukraine, another act of proliferation comes closer. A growing number of Ukrainians now say they want to keep the nuclear arms they inherited from the ex-Soviet Union. They also reckon they can break the electronic codes that will enable them to use at least some of these weapons. This is partly the West's fault. The Ukrainians live next door to a pugnacious and nuclear-armed Russia. To give up their missiles and bombers, they wanted a better reassurance of their security than the West was willing to give.

Net result for the betting shop: three to two that nonproliferation is a dying cause, and that we are heading for a multilateral world.

And that program to spread some of the world's good things to its less fortunate people? Let us be fair. The attempt to bring democracy to Cambodia has gone remarkably well, though it is still hard to understand why the Khmer Rouge so mysteriously left a free election take place. It remains possible that peace and food can be

brought to Somalia, though some people's reaction to the zapping of Somali warlords makes you wonder whether the will to act is going to last.

But neither of these things counts for much alongside the West's ignominious defeat in ex-Yugoslavia. This was the chief test of the democracies' resolution, not only because of its physical closeness — Bosnia is much nearer — but because of Europe than its eastern end — but because, if anyone was to bring a just peace to ex-Yugoslavia, it had to be soldiers from Western Europe and America.

The past week's events are the final proof that the test has been failed. For two years, the democracies' handling of this issue has shown neither intellectual nor moral clarity. They have said one thing and done another, promised action and then failed to deliver, tipped forward and then stumbled heavily back. History will say that they could probably have enforced their principles, and honored their words, at no unbearable cost; but that they were unwilling to face any sort of fight. They were unwilling to face any sort of fight. They were unwilling to face any sort of fight. They were unwilling to face any sort of fight.

The post-1991 loss of grip is not incurable. The Clinton administration is still working out what it wants to do in the world. Plenty of Europeans are ashamed of their abysmal recent performance. But neither Americans nor Europeans will do much better unless they cast their minds back to 1991, and recall the sense of purpose they then felt.

They did not win that victory merely in order that they should be rich and safe, and let the rest of the world go hang. They cannot afford to let it go hang, anyway; they need to trade with it, and they dare not let it fall into nuclear anarchy. But even if the wealthy democracies could afford to turn their backs on the rest of humanity, they should not wish to do so.

The victory they so recently won was the vindication of an idea — the idea that people everywhere have the right to run their own lives. Drop the "everywhere," and substitute "just in our bits of the world," and the proposition becomes meaningless. There will be no recovery from the past two years' confusion until we remember that we have an agenda.

International Herald Tribune.

The Bomb: 'Just Stop Worrying'

By Stephen S. Rosenfeld

WASHINGTON — A subtle and ominous change is starting to touch global efforts to keep new nations, beyond the five permanent members of the UN Security Council, from openly acquiring nuclear arms. The new advice that is starting to be offered to policymakers working the nonproliferation best is to stop worrying about it so much, to accept it as inevitable and to turn acceptance into a political and strategic virtue.

Doug Bandow of the Cato Institute, for instance, does not stop with an offer to help South Korea go nuclear in order to cancel any bomb that may turn up in the North. Writing in the Wall Street Journal, he goes on: "The thought of expanding the world's nuclear club might seem unsettling, but a growing number of nations are likely to acquire atomic weapons in the years ahead," despite the Nonproliferation Treaty. "Given the risks of coercive nonproliferation, the U.S. needs to find ways to adjust to a world in which nuclear arms proliferate."

John J. Mearsheimer of the University of Chicago makes in Foreign Affairs, "The Case for a Ukrainian Nuclear Deterrent." He takes the bold and loopy view that only by having its own nukes can Ukraine protect itself from Russia and keep Europe stable. It is positively destabilizing, he suggests, for the United States to try to force Ukraine to surrender its formerly Soviet nuclear arms. Mr. Mearsheimer goes on: "Vilifying nuclear weapons as a fashionable sport in the West. Many believe they are a major source of tension between states and that their deterrent value is quite limited. Given these beliefs and the horrible consequences of nuclear war, it is hardly surprising that many people want to rid the world of these weapons. This view of nuclear weapons is simplistic."

Other voices call, in the name of realism and the accommodation of friendly governments, for coming to nuclear terms with selected nations among the half-dozen or so with known programs. It is plain enough what has jumbled the nuclear scene: The Cold War let Moscow and Washington raise a protective strategic umbrella over lesser powers and discipline them at the same time. Their nuclear progress, if it was permitted at all, had to be discreet.

But one great power has disappeared, and the other, though it denies it for the record, is in a mood of international reserve. What with threats now coming not from a responsible superpower but from less predictable Third World sources, the United States finds it more problematic both to protect its friends and to discipline them. This is the context in which Third World ambitions and anxieties alike have flowered.

Mr. Bandow and Mr. Mearsheimer respond to these new post-Cold War circumstances. They respond to them in a trivializing and lightheaded way. "Vilifying nuclear weapons is a fashionable sport?" It does not help to take postures at remnants of the ideological left of an earlier nuclear debate. "The U.S. needs to adjust to a world of proliferation?" This amounts to neo-isolationist flight from the challenges of responsible nonproliferation policy.

The Bush and Clinton administrations have at least striven to do better. They have improvised policies to fit the differing circumstances of Ukraine and North Korea, India/Pakistan and Israel, Iraq and Iran. They can be faulted on effectiveness, but their concern is serious.

The trouble is that there is a shortage of the principal substitute for the old great-power patronage. I refer to the possibility of drawing would-be nuclear countries into a network of smothering security and other ties that at once provide those countries with military and political reassurances and restrict their nuclear options. International engagement — with, if it fails, a last-resort military option — is the right answer to the fears and temptations to which proliferation is the wrong answer.

Meanwhile, I would give South Africa the Nobel Peace Prize for its courageous decision to become the first former nuclear state. Pretoria announced in March that it had built six bombs, as was suspected, and then destroyed them, which was unknown. It is disquieting that a then-pariah regime could build a cheap bomb (\$250 million) and keep it secret for 20 years. But the example of a country that rebought its basic policies and decided it would be better off abandoning the ultimate symbol of power desperately needs to be encouraged.

The Washington Post.

In the short time since the Cold War ended and the Gulf War was won, the West has lost its grip — and its sense of purpose.

be able to distribute to others some of the good things they themselves now more safely enjoy.

Second, they should carefully start on a program of spreading those good things, at least in their own immediate neighborhoods. The benefits of civilized politics and efficient economies cannot be distributed over the whole globe on one wave of the wand. But, where the cry for help is loud and close, do something.

Third, the winners of the Cold War must make sure that the instruments of international power, especially nuclear power, do not fall into the hands of people who fundamentally disagree with the democracies' view of the world.

Now tick off the failures. The victors are not holding together. They are falling apart, along the familiar fault-lines of economic self-interest.

The economic quarrel between Japan and America has grown shriller since Bill Clinton came to office with the evidence that shrillness is going to solve the problem. Worse, since they were core of the great alliance, America and Europe have moved closer to a split.

The new French government has repeated France's refusal to honor last year's Euro-American

Private Investors Can Give Russia the Boost It Needs

By Georges Skorov

PARIS — There is currently no appropriate mechanism for international financial assistance to Russia and other countries of Central and Eastern Europe. The International Monetary Fund is unequipped to deal with the challenge of post-Communist transformation. The IMF and the World Bank have no experience in supervising institutional change, on which the success of market-oriented reforms depends.

The IMF was conceived as an inter-governmental organization and is structured to deal with official authorities, states and governments. In the process of transition to a market economy, the chief players and potential beneficiaries of aid are private individuals, cooperatives and public enterprises, which intend to become private stock companies.

To radically increase the efficiency of international financial assistance and adapt it to the special circumstances of Russia and other economies in transition, a new mechanism should be devised. Unless it is done at the Group of Seven summit meeting in Tokyo next month or shortly thereafter, the efficiency of the aid effort would inevitably be low.

The foundation of a market economy is private property. Today, 90 per-

cent of the total assets of the Russian economy remain government-controlled. Until this situation is radically changed, one cannot talk seriously of a market economy or private enterprise. Yet, the assistance to privatizing public assets has been given a low priority in international aid efforts. By setting up a privatization fund in the proposed Tokyo package, the G-7 leaders can make a direct contribution to radical market reform in Russia — though they now say the fund will be only \$1 billion instead of the \$4 billion promised earlier. This is a serious and unsettling threat.

To maximize whatever privatization funds are made available and help thousands of small- and medium-sized state enterprises become private companies, two conditions must be met. First, international financial resources should be given as nonrepayable grants and subsidies, not as loans and credits. Second, the money should be given directly to the interested people and companies under strict international control, not to the government bureaucracy.

Unless a new approach is tried, the privatization fund would follow the

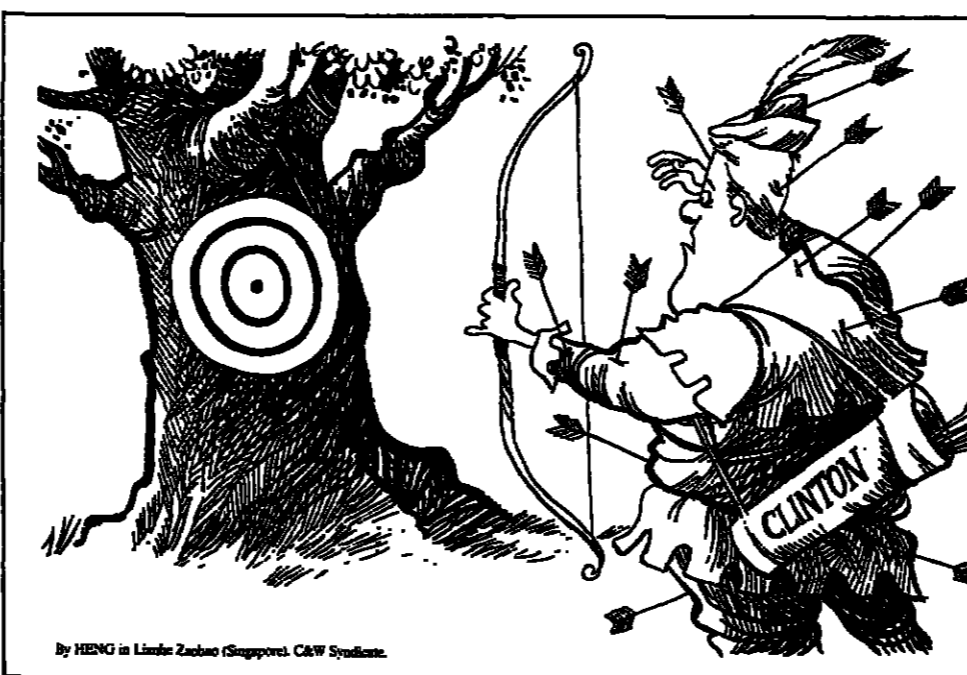
path of many other government financial plans: A good deal of it would be missed, some would land in private bank accounts in London, New York and Zurich, and the long-overdue spread in ownership titles would be spread over many more years.

There is an area that should get priority assistance by the West: conversion of Russia's military-industrial complex. This complex has been a nightmare to the West for decades, and Moscow has at last agreed to transform it to civilian production. Yet Western governments regard its transformation as if it would primarily benefit the Russians.

This is a wrong attitude. No means should be spared to dismantle the monster; it is in the best interests of all. It would be cheaper, and a better use of Western taxpayers' money, than financing a renewed arms race.

Reconversion of the military-industrial complex would also be a golden opportunity for direct investment in the economy.

Russia still has an enormous industrial base of its defense sector and, particularly, its scientific infrastructure



Compassion Is in America's Interest

By A. M. Rosenthal

NEW YORK — At last, the government of the United States is pulling itself together — White House Congress, Supreme Court — to show how determined and targeted it can be when it comes to handling a social crisis.

Well, not all social crises — not things like controlling the gun epidemic that sickens American life, or helping the mentally ill to get the care to take them off the streets, or pushing the war against drugs to the victory in sight.

But when it came to some boatloads of people fleeing China and Haiti, the government showed its still pretty quick.

First, the Chinese were hustled off to prisons distant from human rights lawyers. And now Haitians have been taught by the administration and the Supreme Court that the Coast Guard can hijack them at sea and send them right back home; never mind what Bill Clinton promised when he was running toward the White House instead of living in it.

Some Americans — liberals, radicals, conservatives — are astounded. They are connected by the belief that the open arms of American history helped make the country more than a large piece of real estate.

But many more Americans — liberals, radicals, conservatives — react as if refugees must be fought from ship to cell. They seem afraid of the American sense of compassion and welcome that makes people all over the world bless the name of the land.

Among these Americans are descendants of immigrants who simply

survival. Is that a reason for America to panic against the ideals of immigration and refuge, which helped create the country?

Groups like the New York Immigration Coalition and the Lawyers Committee for Human Rights explain the much-publicized backlog problem of 250,000 pending asylum cases.

Sweden has 800 officers handling asylum cases. Germany has 3,000. America has 150. Who created the backlog — desperate people seeking a safe life or the U.S. bureaucracy, the same bureaucracy that allowed Middle East terrorists to get through despite strong existing laws?

Haitians have no doubt in the United States. But the truth is they flee Haiti to escape "endemic widespread human rights abuses," dictatorship and "the worst poverty in the hemisphere." Doris Meissner, the immigration specialist, wrote that in December.

Candidate Clinton said the Bush policy of hijacking Haitians on the high seas to send them back was so cruel that he would reverse it. But then President Clinton fought successfully in the Supreme Court to uphold the Bush order.

Dr. Meissner is now Mr. Clinton's nominee to head the Immigration Service. Perhaps she can convince the president that although the Court gave him the right to go back on his word it is not forcing him to do so.

In the end, faithfulness to compassion as national interest remains a matter of choice, for presidents as for all Americans.

But suppose some do pretend to be "genuine" refugees, to find economic

and pool of highly competent and poorly paid individuals, make it a unique investment opportunity.

In the struggle for economic supremacy between the European Community, Japan and the United States, the first party to establish a long-term strategic interaction with Russia will gain unrivaled advantage.

What Russia needs most in years to come is private direct foreign investment in the economy, not new government loans. And Russia has many sound investment opportunities. But to link these opportunities with investors in the West and to transform it to civilian production. Yet Western governments regard its transformation as if it would primarily benefit the Russians.

This is a wrong attitude. No means should be spared to dismantle the monster; it is in the best interests of all. It would be cheaper, and a better use of Western taxpayers' money, than financing a renewed arms race.

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IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1893: Blockade of Siam

PARIS — The news from Siam would be disquieting, were it not pretty certain that France had already come to an understanding with England in reference to the impending blockade of the Siamese Coast. The fact that the British Consul at Bangkok was the first to advise European residents that such action on the part of France was probable, leads to the supposition that the two Powers are acting in tacit agreement.

1918: Homage to Wilson

PARIS — The Municipal Council yesterday [June 26] decided to give the name of President Wilson to the avenue du Trocadéro. By further grateful tribute, it decided that a ceremony shall take place on Independence Day. The resolution reads: "The Council, unanimously recognizing the noble figure of President Wilson and desiring again to pay homage to the eminent Chief of State and to the

1943: Not Even Gabriel

WASHINGTON — [From our New York edition:] President Roosevelt renewed today [June 25] his arguments against one-man control of food supply and prices, a proposal already started on the road of legislative action yesterday by the House Agricultural Committee. The President said the idea of a food czar was only a red herring, insisting that the main issue was whether Congress and the people want inflation or not. Suppose the Angel Gabriel were the food czar, the president suggested, would he be able to get more food to the people at the present cost? Everybody is in favor of growing more food in 1944, but neither a food czar nor Congress can make more food grow.

Assault On Rights Averted

EUROPEAN CONFERENCE

BARCELONA

Assault On Rights Averted

Vienna Talks End On Uplifted Note

By Alan Riding
New York Times Service
VIENNA — With Western nations holding off an assault on human rights by a group of hard-line regimes, the World Conference on Human Rights ended on a surprisingly upbeat note Friday night as delegates called on the United Nations to play a larger role in denouncing abuses.

Western delegations were particularly pleased that, after lengthy bargaining, the conference endorsed an American proposal for the creation of a new post of High Commissioner on Human Rights as part of the effort to give the United Nations extra powers to monitor human rights.

More than anything, though, the United States and other Western nations were relieved that their worst fears — a retreat from the basic tenets of Human Rights as the result of a bitter North-South clash — were not realized during the two-week meeting.

"We came to Vienna with less than high expectations," John Shattuck, the chief American delegate, said Friday night. "But we worked with other delegations to stop any backsliding on human rights. And, on balance, it was a successful event. It has produced a strong forward-looking document."

The West's main concern was that a bloc of mainly Asian nations, led by China, Iran and Syria, might succeed in an attempt to challenge the universality of human rights by arguing that they existed as a function of a country's history, level of development, cultural tradition and religion.

While the conference's final declaration does take note of these variables, however, it commits states to promote and protect all human rights "regardless of their political, economic and cultural systems." And it adds: "The universal nature of these rights and freedoms is beyond question."

Conversely, because the conference had agreed to work-through consensus, only days ago it seemed unlikely that a High Commissioner on Human Rights would be approved. In the end, though, the conference recommended that the General Assembly consider the idea "as a matter of priority" at its annual session this fall.

The conference itself had no legislative authority, leaving special decisions to be taken later by other United Nations bodies. But it nonetheless broke new ground by extending the definition of human rights to embrace the special rights of children, minorities, indigenous people and, particularly, women.

"The key factor has been the unity of women at the conference," Roxanne Carrillo, an official from the United Nations Development Fund for Women, said, referring to the strong presence of independent women's groups here.



SPEEDY CHALLENGE—Germany's new Social Democratic leader, Rudolf Scharping, left, being congratulated by the outgoing acting party leader, Johannes Rau, on Friday after his election at a party congress in Essen. Mr. Scharping, who will challenge Chancellor Helmut Kohl in next year's general elections, said in his speech that "we can build a Germany that nobody has to fear."

Attali: Downfall of a Versatile High Flier

By Joseph Fitchett
International Herald Tribune

PARIS — Triggered by disclosures about extravaganzas at the European Bank for Reconstruction and Development, the fall of Jacques Attali also reflects worries among donor governments, especially Washington, about a self-styled maverick banker operating in the controversial field of transforming former Communist economies.

For his detractors, Mr. Attali's lumbing will be seen as compensation for a high-flying kid who habitually overreached. His discomfiture is an embarrassing addition to President Francois Mitterrand's lengthening list of confidants fallen in disgrace.

Mr. Attali's strength comes from his undisciplined intellect, enabling him to outsmart and outshine the classic civil servants who traditionally run France and major international institutions.

Now 49, Mr. Attali has had a meteoric career as a polymath in the tradition of French intellectuals: an economist who writes novels, and a policy wonk who also could hang out with talented rebels. His personality is a mixture of impetuosity and compelling personal warmth.

This disdain for more pedestrian minds than his own also seems to be Mr. Attali's tragic flaw.

It was Mr. Attali's qualities as a brilliant outsider, a literary mind in a computerized brain, that commended him to Mr. Mitterrand as a virtuous exponent of Socialist economics, first as a personal tutor and then in 1981 in the

new president's office as an influential adviser.

Functioning as the president's "idea man," he often exacerbated tensions with the United States and Japan, despite a personal fascination with America. He helped inspire Mitterrand policies starting with fruitless efforts to revive traditional Western development aid and culminating in the French-German push for a tighter European Community outlined in the Maastricht treaty.

At a defining moment of the Mitterrand presidency, he helped impose the view that France should dump the Socialist inflationary policies and stay in the European currency grid.

Generally, however, his maverick views — and lack of bureaucratic follow-up — estranged U.S. and other foreign officials working with him as the French "sherpas" responsible for jointly preparing annual meetings of the Group of Seven major industrial democracies.

These tensions came to a head when Mr. Attali moved to the bank intended to spur economic revival in Eastern Europe. Created largely through French initiative, the new institution aroused uneasiness among many policymakers, especially in the United States and Britain, who were leery of a new quasi-international lending body.

Apprehensions were sharpened by Mr. Attali's lack of banking credentials and mercurial views. His advocacy of European solidarity seemed a swift conversion for a man who in 1981 publicly dismissed European culture as "colonialism" and extolled the Third World.

Germany and then the United States acquiesced in the bank's creation largely to deflect accusations of apathy about Eastern Europe, but many smaller countries, including the Netherlands and Sweden, resented what they saw as a deal that gave London its headquarters and Mr. Attali the top job.

When press disclosures suggested a lack of accountability in his spending — counterpointed by a plagiarism scandal involving his book "Verbatim" — a review of the bank's activities was triggered that finally forced him out.

Mr. Attali has never been tainted by personal financial scandal, but he has been criticized for extravagant business habits, including the use of private planes, that he acquired as a Mitterrand aide.

His ways suited Mr. Mitterrand, who often said that Mr. Attali had 10 ideas a day, one of which was good enough to pursue.

His appetite for work — writing a dozen books, apparently at dawn before going to work — has become legendary. So has his political cheekiness; putting his own desk just outside Mr. Mitterrand's office helped Mr. Attali gain prominence as the presidential gatekeeper.

From the outset, Mr. Attali — who left his native Algeria to graduate from two of the elite schools that traditionally provide top government talent — fit Mr. Mitterrand's wish to circumvent France's powerful administrative cadres.

But by intriguing against the permanent bureaucracy, the Mitterrand presidency opened the way to irregularities, notably the corruption that disgraced several aides.

private sector focus, infuriated a number of directors.

"It just goes to show that Jacques Attali will do anything to keep his job," one board member said last week.

Intended as a response to his critics, Mr. Attali's reorganization plan in the end only managed to swell their numbers and increase their fury.

The board, meanwhile, was deeply divided. Those opposed to the change blame everyone from the Group of Seven leading industrial nations, to Mr. Attali, to Mr. Stern at the World Bank, for pushing it with ill-considered haste.

"I think we ought to take our time and get it right this time," said one European director in favor of studying alternative plans.

Those divisions at the board were if anything sharper at the staff level, but the staff was in even greater state of confusion as to who to blame for it all. "We don't know if we have been stabbed in the back by Attali or the G-7 or whom," a merchant banker said.

Just who will be chosen to replace Mr. Attali is open to question. One strong contender reportedly is Onno Ruding, the former Dutch finance minister who narrowly lost out to Mr. Attali as head of the EBRD, and to another Frenchman, Jean-Michel Camdessus, several years earlier, as head of the International Monetary Fund.

Indonesia Bars Debtors From Traveling Abroad

JAKARTA — Indonesia has barred more than 300 businessmen from traveling overseas because of their failure to pay off large loans from state banks.

Immigration officials said Friday that the Finance Ministry had asked them to impose the six-month ban but did not name the individuals.

Plotting for a Modern Japan

Party Rebels Kept Secret Until Last Minute

By David E. Sanger
New York Times Service

TOKYO — In the samurai dramas that attract millions of Japanese television viewers, those warriors from the feudal past always meet at some out-of-the-way inn, plotting the overthrow of their masters.

In a modern reprise, Masayoshi Takemura and nine colleagues in parliament slipped into a hotel near the Imperial Palace the other night, took a room with a well-stocked minibar, and decided that the moment had arrived to ambush the old men who had ruled for 38 years.

"We were afraid to discuss it with anyone, even our wives," Mr. Takemura said. "Up to the last minute, I thought many in our group would back out."

After all, he noted, after four decades of unchallenged power, the party elders "know how to apply pressure." Until a few days ago, Mr. Takemura was a loyal member of the governing Liberal Democratic Party and led its reform committee.

For Mr. Takemura and a number of the younger rebels who sealed the fate of Prime Minister Kiichi Miyazawa's party that night — deciding to abandon it during a crucial no-confidence vote and let the government fall — this has been a wrenching week.

Immediately after the vote they all resigned from the party, turning their backs on the mentors who had nurtured their careers and financed their campaigns.

And thus began a mass exodus from the Liberal Democratic Party that has cast Tokyo into the biggest frenzy of political realignment in decades and brought to an end a political order that had seemed invincible since 1955.

"We feel kind of released, but also kind of guilty," said Asahiko Mihara, 46, who took part in the coup and is now a member of a small new party, Habinger. A larger splinter group of 44 Liberal Democrats formed another new party, Renaissance. Both are likely to be involved in any coalition government.

"It is a very Japanese kind of guilt," Mr. Mihara said. "On the one hand, we have to show our fealty to our seniors. On the other hand, I felt I had to pull the trigger. There needed to be reform — not revolution, but a steady move forward. And they would have none of it."

Until last year, Mr. Takemura and several other defectors said in recent conversations, they thought steady progress was being made.

Many had come to know one another in a "study group." It came up with a list of reforms, from restrictions on campaign financing to the establishment of smaller constituencies, with one or two parliamentary representatives per district, rather than half a dozen.

But last week, the members of the study group concluded that they had been betrayed.

Mr. Miyazawa, who had vowed that he would get a reform bill through parliament, suddenly began to waver.

Seiroku Kajiyama, the secretary-general of the governing party and an avowed enemy of reforms, told business leaders he would put the issue off "until we win a victory in the upper house election two years from now." He was betting that no one in the party would dare challenge him.

Mr. Takemura, 57, with a warm smile and a reputation as a man committed to bringing Japan's endless influence-peddling to an end, said he became "really desperate" when he discovered that the party leaders were on the other side.

"Here were our own leaders, and they were pushing the brake pedal and turning the steering wheel in the opposite direction," he said.

That was when he summoned members of his study group to the Grand Palace Hotel, chosen because it is not usually frequented by party leaders.

That evening, they each signed a pledge to resign from the party. But for two days they kept it secret, until just minutes before the June 18 vote.

Mr. Kajiyama was horror-stricken. "None of them had any idea what was coming," said Mr. Mihara.

Now the rebels find themselves cast into a rainy-season campaign without an umbrella. In preparation for the election July 18 they are racing back to their districts — but this time without the funds and the machine that make blanket coverage of Japan's cities possible. "We have not a penny whatsoever," Mr. Takemura said.

The appellate court upheld a complaint by champagne houses that use of the word to describe the British drink, with its champagne-style bottles and wired corks, was a potential threat to the reputation of the genuine product.

One investigator said they thought Sheikh Abdel Rahman "is the glue that holds this entire operation together" and added "he directs everything, as far as we can tell."

But the investigator admitted that prosecutors had no firm evidence to show Sheikh Abdel Rahman's direct involvement in the plot or in the bombing of the World Trade Center last February. That crime led to the arrest of six Muslim fundamentalists.

At a news conference Thursday night, the sheikh said he had nothing to do with either group of alleged conspirators. He condemned "any act that will hurt the national security of America."

SUDAN: Role in N.Y. Conspiracy?

Continued from Page 1

against New York that included blowing up two Hudson River commuter tunnels, UN headquarters and the office building that houses the FBI.

Investigators said the inquiry was now focusing on Sheikh Abdel Rahman's connection to the eight men, whose alleged ringleader, the Sudan-born Sidiq Ibrahim Sidiq Ali, was the fundamentalist cleric's translator.

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British Bottler Loses Appeal On Champagne

Agence France Presse

LONDON — An appeals court Friday banned a British beverage maker from using the word "champagne" on its bottles, ruling that it posed a threat to the French label.

The ruling reversed a lower court verdict in February that the carbonated soft drink called Elderflower Champagne posed no threat to champagne.

The appellate court upheld a complaint by champagne houses that use of the word to describe the British drink, with its champagne-style bottles and wired corks, was a potential threat to the reputation of the genuine product.

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RESIGN: Controversial Creator of European Development Bank Quits

Continued from Page 1

complaints as small blots on an otherwise exemplary record.

"He created this bank and he gave it a private sector focus that made it different from any other bank," insisted one senior EBRD official. Among the development banks, the EBRD was set up with an entrepreneurial focus and assigned to devote most of its resources to making private sector investments in its client countries.

On Friday many bank staffers still remained fiercely loyal to Mr. Attali. At a hastily convened midday meeting of the merchant banking arm of the institution, staffers reacted sadly to the announcement

of Mr. Attali's resignation. When one staff member suggested a round of applause in honor of Mr. Attali, it was eagerly offered.

"He has been a very controversial person," Brian Atwood, administrator for the U.S. Agency for International Development, said at a press conference in Moscow. Reuters reported. "I think people who head up banking organizations of that type shouldn't be quite so controversial."

But Roland Dumas, the former French foreign minister, heaped to Mr. Attali's defense, telling Reuters that the "Anglo-Saxon establishment" helped undercut him.

The British Treasury, saying it respected Mr. Attali's decision to resign, stressed that the overriding need now was for the bank to fulfill the role it had been created for.

A watershed was Mr. Attali's decision earlier this month to push for a major reorganization of the bank that would have merged its private sector arm with its government lending unit. Crucially, that plan called for a senior official from the World Bank, Ernest Stern, to be brought in as Mr. Attali's right hand man.

That apparently strong tipping of the balance away from what had hitherto made the EBRD unique, its

private sector focus, infuriated a number of directors.

"It just goes to show that Jacques Attali will do anything to keep his job," one board member said last week.

Intended as a response to his critics, Mr. Attali's reorganization plan in the end only managed to swell their numbers and increase their fury.

The board, meanwhile, was deeply divided. Those opposed to the change blame everyone from the Group of Seven leading industrial nations, to Mr. Attali, to Mr. Stern at the World Bank, for pushing it with ill-considered haste.

"I think we ought to take our time and get it right this time," said one European director in favor of studying alternative plans.

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Just who will be chosen to replace Mr. Attali is open to question. One strong contender reportedly is Onno Ruding, the former Dutch finance minister who narrowly lost out to Mr. Attali as head of the EBRD, and to another Frenchman, Jean-Michel Camdessus, several years earlier, as head of the International Monetary Fund.

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Hard Times? Buyers Take Little Notice

Some Minor-League Paintings Are Bringing Impressive Prices

PARIS — The economic environment is not the greatest, but those who buy art might be living on another planet. The week's sales of Impressionist and Modern art in Paris and London fared well, incredibly well.

Despite the more modest scale of the transactions, the big surprise was Paris, where Guy Loudmer conducted an auction on Monday. The Drouot event, announced under the banner "Importants tableaux et sculptures modernes," would hardly be called "important."

SOUREN MELIKIAN

In the Anglo-Saxon world. The total sold during a long draw-out affair in which every other bid had to be ejected out of the participants was a puny 17.9 million francs, less than \$3.5 million with premium. But precisely because the works offered were at best in the second-division league and, for the most, utterly trifling, the sale could have been a disaster as some professionals clearly feared. As it turned out, it could not have gone much better.

This was made clear from the beginning when such mildly pleasing benefices as a still life by Raoul Dufy, done rather late in his life in the style of his younger days, graciously made it to 142,344 francs. By the time the next Dufy effort, a woman in the nude that looks like an oval cartoon for a sex magazine, had been sold for 76,647 francs and a murky Derain still life of the early 1940s that might have been avant-garde in 1890 fetched 58,033 francs, Loudmer looked happier.

Soon, the stakes were raised. One of Fernand Léger's less distinguished achievements, "Le tiro-bouchon sur fond bleu" of 1932, found a sympathetic soul at 437,980 francs. Blue was a lucky color. Max Ernst's "Remous," a banal seascape in blues with barely a Surrealist whiff confined to a faint blackish spiral in the water, rose to 815,737 francs.

Then came one of the few works that could have found its way to a Christie's or Sotheby's evening session. This was an abstract composition by Kandinsky. Coldly formal, it sold as well as it might have done in London or New York. A French buyer paid 3,186,305 francs for the picture. It all peaked when Signac's bland pointillist view of "Les Andelys," dated 1886, shot up to 12,143,945 francs.

More than anything else, perhaps, a handful of bronzes carrying the name of Degas and the mark of the Hébrard Foundry pointed up a real eagerness to buy. To those not involved in collecting and in dealing in the so-called Degas, bronzes, the issue these raised may seem hilarious.

The bronzes currently accepted as "authentic" in the trade were cast after the artist's death, following a contract between his heirs and the Hébrard. Twenty sets of 73 different subjects were marked with letters A to T. Another set cast for the foundry owner, Adrien Hébrard, was marked FIER and a 22d set, for the heirs, was marked FIER-D. It now turns out, as revealed by the Loudmer sale catalogue, that the bronze maker Albino Palazzolo, employed by the foundry, who was involved in the casting, produced a few more bronzes on the side for his own pleasure. These he made with his initials "A. P." Found

by Albino's son, Yvon Palazzolo, after the bronze maker died in 1989, they were consigned for sale to Loudmer.

All purists reject them, from auction house experts such as Michel Sussans of Sotheby's, who said in a telephone interview that he has "strong reservations about them," to experienced dealers such as Enguette and Anisabelle Berth of Paris. As a result, many felt uncertain about the fate of the "illegitimate" Degas-Hébrard-Palazzolo bronzes as opposed to the rightful, sanctified-contrast (but equally posthumous) specimens cast by the same man.

Financially, the matter is now settled. "Préparation à la danse" went up to 1,281,092 francs. "Grande Arabesque, troisième temps" danced its way to a surprising 1,970,910 franc bid. The two winning bids, made over the phone, remain anonymous, making it impossible to hear the views of the buyer or buyers on the nuances of legitimacy concerning an artist's posthumous oeuvre.

The successful outcome, unlikely only a few years ago, underscores the beatitudes of the market. If 30 of the 86 lots offered by Loudmer were bought in, it is mainly because there is a limit to the tolerance that hunger for art will induce.

The London sales bear out the Paris verdict on a magnificent scale. Basically at the moment when Loudmer was conducting his sale, Christie's was holding its main evening sale of Impressionist and Modern art. Incomparably more important, with some real Impressionists — Renoir, Monet, Fissore — and 20th-century masters — Matisse, Modigliani — it was nevertheless in the second-division league. Yet with 30 works selling for a total of £16.6 million (\$24.4 million), it did very well.

The star piece, the portrait of a young girl carrying a basket filled with flowers, painted by Renoir in 1888, can hardly be described as the master's greatest. The brushwork is a bit fuzzy. The girl, with lips half open and a German doll's blue eyes that one expects to roll shut and open at any moment, is as soppy as Renoir ever made them. But the rarity of feminine portraits by him other than the saucy-red Gabrielle and its fully documented history linking it with early U.S. collecting of Impressionism made all the difference.

Bought from Renoir for 500 gold francs by his dealer, Paul Durand-Ruel, in 1891, it was dispatched to the newly established New York branch of the Paris gallery and acquired a year later by W. I. Cook for \$1,000. It was bought back by the gallery in 1910 and resold in 1912 to Mrs. Nelson Robinson for \$14,500. It stayed in New York for most of the century. The price, \$2,722,500, reflects its accuracy, historic value. While below the level it would probably have reached in 1989 at the height of the artificial market contrived by speculators, it hardly snacks of recessionary times. Nor does the £2.752 million that greeted Modigliani's portrait of a young girl painted in 1916. Matisse's portrait of a woman posing in the nude in an interior, "Nu au Turban," should likewise make its vendor reasonably happy.

Even more revealing of the buying mood is the case with which some very unimpressive pictures found a home. Dufy's portrait "La Martiniquaise," which is the closest the artist ever came to painting in a Matisse-like manner, was one of them. At £376,500 it cannot be called cheap. Interestingly, London dealers, who had been keeping very quiet, could be seen buying, Richard Green, bidding through



Daumier's painting of a washerwoman sold for a record £1.65 million.

his son Jonathan, paid a substantial £184,000 for Eugene Boudin's harbor scene "Camaret, Le Port," better than most in this line.

Of 18 of the 48 lots offered that night were left stranded, it is mostly because they had no redeeming feature. Not even the Renoir aura would help such a hopeless unfinished sketch as "Jeune Femme Lisant" to jump the hurdle of a £180,000 to £220,000 estimate.

At Sotheby's the story repeated itself on Tuesday in more glamorous fashion. The main difference lay in the exquisite time capsule that started it off. The Durand-Ruel family holdings were represented by 22 works, most bought by Paul Durand-Ruel and his son "approximately a century ago," as Sotheby's put it. The historic cachet made even such modest pictures as Boudin's view of Villefranche attractive. This went up to £112,500. When it came to such enchanting pieces as Monet's black chalk drawing, "La Femme à l'Ombrelle," the provenance made them irresistible. Although done by the artist after his own famous painting to be used as an illustration in a magazine, its quick strokes are wonderfully poetic. Monet loved his painting, which depicts his stepdaughter, and it shows in the clarity of the sketch. A Japanese bidder carried off the gem to the tune of £353,500.

Here too, prices were well below the level that would have been achieved three years ago. Dealers stepped in here and there. David Nehmad, never one to miss a bargain, bought the portrait of a young girl by Renoir for £705,000.

The good mood generated by this auspicious start probably paved the way for the outcome of the main sale. Kandinsky's monumental abstract composition scored to £3,026,500 despite its late date, 1937, the highest price ever paid at auction for this phase of the artist's oeuvre. Strauss said in a telephone interview.

Two anonymous U.S. collectors paid world record prices, one for Daumier's oil painting of a washerwoman, sold for £1,651,500, the other for a Surrealist picture by Paul Delvaux, which went up to £1,013,500. Dealers did not sit on their hands either. Ernst Beyeler of Basel bought the most important painting in the sale, Paul Klee's composition with axes, for £1,013,500.

As at Christie's, many second-rate works found willing buyers, and several nonstarters crashed as they deserved to, leaving 25 unsold works out of a total 83. This may not be a madly optimistic market, but it is one full of activity and determined to get anything worth going after. No sector in the world economy comes anywhere near this dynamism.

Shaking Up the Art Scene In 'Self-Centered' Berlin

By Ann Brocklehurst

BERLIN — Whether it is because he is new to the Berlin art world or in spite of it, the gallery owner Thomas Schulte is not shy about making his strong opinions known. He has no regrets about announcing in a podium discussion that "Berlin has more bad artists living well than any other city in the world," a quote that has since been much repeated. "No one said I was completely wrong," says Schulte, adding that several members of the art community outside Berlin sent him telegrams and letters of support.

In Schulte's assessment, the visual arts in postwar Berlin have existed in almost total isolation, cut off from international contacts and influences. Artists and art organizations supporting what he says can be called a Marxist approach to evaluating art have been heavily and unselectively subsidized with government money.

"It is a system that definitely existed outside of the commercial world. . . . From my point of view, that was not in the end a big advantage for Berlin because it led to extreme self-centeredness in the art world here."

Flipping through a special Berlin issue of the German magazine Art, which features six Berliners deemed important to the local art scene, Schulte is critical. "Some of them stand for the biggest mistakes in institutional curating in Berlin," he said. "They receive millions of marks in public funds to arrange exhibitions, but they have practically no idea of the international art scene. . . . and the quality is below standards expected."

In contrast, Schulte praises the curator René Block, who represented the Düsseldorf artist Joseph Beuys at "the best gallery in Berlin" before taking over as director of the DAAD Gallery, a position he left last year. The DAAD Gallery displays the work of foreign artists brought to live and work in Berlin as part of the DAADAcademic exchange service. The Berlin artists program was set up after the building of the Berlin Wall in an attempt to counterbalance the city's physical and artistic isolation.

Past participants include Alex Colville, Edward Kienholz and Nam June Paik. "The artists' program was a real link to the international art scene," said Schulte, who believes that unified Berlin has become a more attractive and interesting place to be for both artists and gallery owners. Although Cologne remains without question the art center of Germany, two of its major gallery owners — Max Hetzler and Paul Maenz — are moving to Berlin.

They will be arriving almost three years after Schulte and his partner, Eric Franck of Gallerie Eric Franck in Geneva, opened Franck and Schulte in Berlin in 1991. Before that, Schulte, 37, had been in charge of the John Weber Gallery in New York and worked at the Museum of Modern Art as assistant curator. A German, born in Düsseldorf and educated

there and in Berlin, he was fed up with working and living in New York and wanted to return to Europe.

After much deliberation, Schulte chose to set up in Berlin not only because he sees it as "the only cosmopolitan city in Germany," but also because it gave him the chance to represent artists who would not have been available in cities with a more diverse gallery scene. Franck and Schulte's artists include Rebecca Horn, Sol LeWitt, Richard Anschütz, Robert Mapplethorpe and Hans Curtius-Bresson. Since Berlin has not yet developed a serious art market, Franck and Schulte is relying extensively on its already existing international clientele as it tries to build local sales. Once the gallery is established, it will concentrate more on promoting Berlin artists. Schulte names Maria Eichhorn, the East German Via Lewandowski and the Israeli Eran Schaerf as a few who are garnering attention.

As another project, Schulte has proposed that Berlin build a gallery house along the lines of the 423 Broadway Building in New York, which houses different galleries on every floor and which was emulated by Hetzler and others in Cologne. Ideally, the house would be situated in eastern Berlin or close to where the Wall used to stand. Galleries in Berlin are scattered throughout town and such a location would provide easy access to the National Gallery, Museum Island and the Martin Gropius exhibition hall.

Schulte says that with limited financial support from the Berlin Senate, a gallery house could become a reality in three years. But having been such an outspoken critic of Berlin's subsidies, Berliners' dependence on them and the city's nonmarket-oriented art policies, Schulte is careful to point out that the kind of financial help he is advocating is a different type.

Instead of giving so much grant money to artists and entrenched institutions, he favors programs such as lending money to people buying works of art. He would also like to see money given to qualifying galleries to help them hold important individual exhibitions.

Berlin is still trying to figure out just how much the unified city can afford to spend on culture, including the visual arts. Many cultural institutions still exist in duplicate in east and west.

Along with several others, Schulte is calling for an in-depth study to examine the roles of Berlin's museums, art academies, art schools, art unions and private galleries, and suggest how they can best serve their own and each other's needs.

"I think there's a lot of money being spent here unwisely at the moment," he said. "Whatever's being spent should be spent, but we should really look at these institutions and where the money goes and what we are spending it for."

Ann Brocklehurst is a journalist based in Berlin.

A critic says it has more bad artists living well than any city in the world.

FOR SALE / SOLD

Hidden treasure: A 15th-century Book of Psalms, found at the bottom of a box of books that cost £20, was sold for £10,350 (about \$15,500) this week at Sotheby's. The small volume (4.9 inches by 3.5 inches, or 12.5 centimeters by 9 centimeters, of 300 vellum pages is believed to have been made about 1450. It is handwritten in Latin and decorated with intricate work believed to be by one of the great illuminators of Ghent.

Headly: Designer hats worn by Betty Marswell, the widow of the late publishing tycoon Robert Marswell, to meet Queen Elizabeth at the Royal Ascot races are to be auctioned July 13 in London by Christie's.

Rock Café bought one of Elvis Presley's jumpsuits for \$17,250 and a pair of Jim Hendrix's pants for \$16,100. A double bass played by Bill Haley went for \$4,600, and two pieces of lingerie worn by Madonna in concert also were sold, one for \$4,600 and the other for \$2,070.

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PRE-COLOMBIAN ART

Israel Inherits Sam Spiegel Art Collection

By Clyde Haberman
New York Times Service

JERUSALEM — In the early 1920s, barely past his teenage years and far from being able to dream that he would become an Academy Award-winning producer, Sam Spiegel dug ditches and sewers as a "young pioneer" in Palestine.

He didn't make it. Life as a "drainage expert," as he later described those years, was not for him, and before long he left. Eventually, he found his way to Hollywood, a short, domineering man who made his share of enemies over the years but who filled more than his quota of film masterpieces, including "The African Queen," "On the Waterfront," "The Bridge on the River Kwai" and "Lawrence of Arabia."

Now nearly eight years after his death at 84, an important part of Spiegel has returned here for good: his collection of late 19th- and early 20th-century paintings, lithographs, sketches and sculptures has been given by his estate to the Israel Museum in Jerusalem.

"He just adored the country," said his son, Adam, who was born 25 years ago, when Spiegel was 67.

"I don't think he wanted the paintings to go anywhere else."

The 81 pieces in the collection are heavy with French artists and include early works of Degas, Cézanne, Picasso, Gauguin and Bonnard. There are more than a few female nudes among them, reflecting what might tamely be called Spiegel's passion for women.

"It's totally the collection of an eccentric," said the museum director, Martin Weyl. But for the relatively young Israel Museum, still inventing itself, it is among the more important gifts it has received in its 28 years. With no real endowment, the museum is often forced to rattle a tin cup, and so the Spiegel collection is a windfall that "fills in many significant gaps," said the museum's curator of modern art, Stephanie Rachman.

The Austrian-born Spiegel was of the cigar-chomping school of movie producers, and he showed on the paintings, most of which had to be cleaned of smoke and grime before they went on display this week.

At the opening on Tuesday night, Mayor Teddy Kollek of Jerusalem, who is the museum's chairman and its chief cup rattler, spoke of his long friendship with Spiegel.

Kollek said that in 1964 he was

in Los Angeles raising money for the nascent museum. He was directed to the house of S.P. Eagle, as it still said on the door, even though the producer had long resumed his rightful name after using the "Americanized" version for years.

"We had a pleasant conversation, but I got nowhere," said Kol-

lek, no slouch himself when it comes to domineering ways. "He never made a promise and I was eating myself up."

"And then he died," the mayor said in a tone that suggested there were more surprises under the sun than one could ever imagine. "And now what? Now we have the whole kaboodle?"

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Friday's Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

15-Minute High Low Stock

Stock	High	Low	Open	Close
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Apple	45.00	44.50	44.75	44.50
Oracle	35.00	34.50	34.75	34.50
Amazon	25.00	24.50	24.75	24.50
Alibaba	15.00	14.50	14.75	14.50
Google	10.00	9.50	9.75	9.50
Facebook	5.00	4.50	4.75	4.50
Twitter	3.00	2.50	2.75	2.50
LinkedIn	2.00	1.50	1.75	1.50
Slack	1.50	1.00	1.25	1.00
Zoom	1.00	0.50	0.75	0.50
Dropbox	0.80	0.30	0.55	0.30
Evernote	0.60	0.10	0.35	0.10
Asana	0.50	0.00	0.25	0.00
Monday.com	0.40	0.00	0.20	0.00
Workday	0.30	0.00	0.15	0.00
SAP	0.20	0.00	0.10	0.00
Oracle	0.10	0.00	0.05	0.00
Microsoft	0.05	0.00	0.02	0.00
IBM	0.02	0.00	0.01	0.00

Stock	High	Low	Open	Close
Alphabet	105.00	104.50	104.75	104.50
Meta	150.00	149.50	149.75	149.50
Amazon	250.00	249.50	249.75	249.50
Apple	150.00	149.50	149.75	149.50
Microsoft	100.00	99.50	99.75	99.50
Google	100.00	99.50	99.75	99.50
Facebook	150.00	149.50	149.75	149.50
Twitter	50.00	49.50	49.75	49.50
LinkedIn	30.00	29.50	29.75	29.50
Slack	20.00	19.50	19.75	19.50
Zoom	15.00	14.50	14.75	14.50
Dropbox	10.00	9.50	9.75	9.50
Evernote	8.00	7.50	7.75	7.50
Asana	6.00	5.50	5.75	5.50
Monday.com	4.00	3.50	3.75	3.50
Workday	3.00	2.50	2.75	2.50
SAP	2.00	1.50	1.75	1.50
Oracle	1.50	1.00	1.25	1.00
Microsoft	1.00	0.50	0.75	0.50
IBM	0.80	0.30	0.55	0.30

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IBM	115.25	114.75	115.00	114.75
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Alibaba	15.00	14.50	14.75	14.50
Google	10.00	9.50	9.75	9.50
Facebook	5.00	4.50	4.75	4.50
Twitter	3.00	2.50	2.75	2.50
LinkedIn	2.00	1.50	1.75	1.50
Slack	1.50	1.00	1.25	1.00
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Facebook	150.00	149.50	149.75	149.50
Twitter	50.00	49.50	49.75	49.50
LinkedIn	30.00	29.50	29.75	29.50
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Facebook	5.00	4.50	4.75	4.50
Twitter	3.00	2.50	2.75	2.50
LinkedIn	2.00	1.50	1.75	1.50
Slack	1.50	1.00	1.25	1.00
Zoom	1.00	0.50	0.75	0.50
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Facebook	5.00	4.50	4.75	4.50
Twitter	3.00	2.50	2.75	2.50
LinkedIn	2.00	1.50	1.75	1.50
Slack	1.50	1.00	1.25	1.00
Zoom	1.00	0.50	0.75	0.50
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Google	10.00	9.50	9.75	9.50
Facebook	5.00	4.50	4.75	4.50
Twitter	3.00	2.50	2.75	2.50
LinkedIn	2.00	1.50	1.75	1.50
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Microsoft	0.05	0.00	0.02	0.00
IBM	0.02	0.00	0.01	0.00

ECONOMIC SENSE

An Anchor For
The Tide



Handwritten Arabic text: "سوق الأوراق المالية"

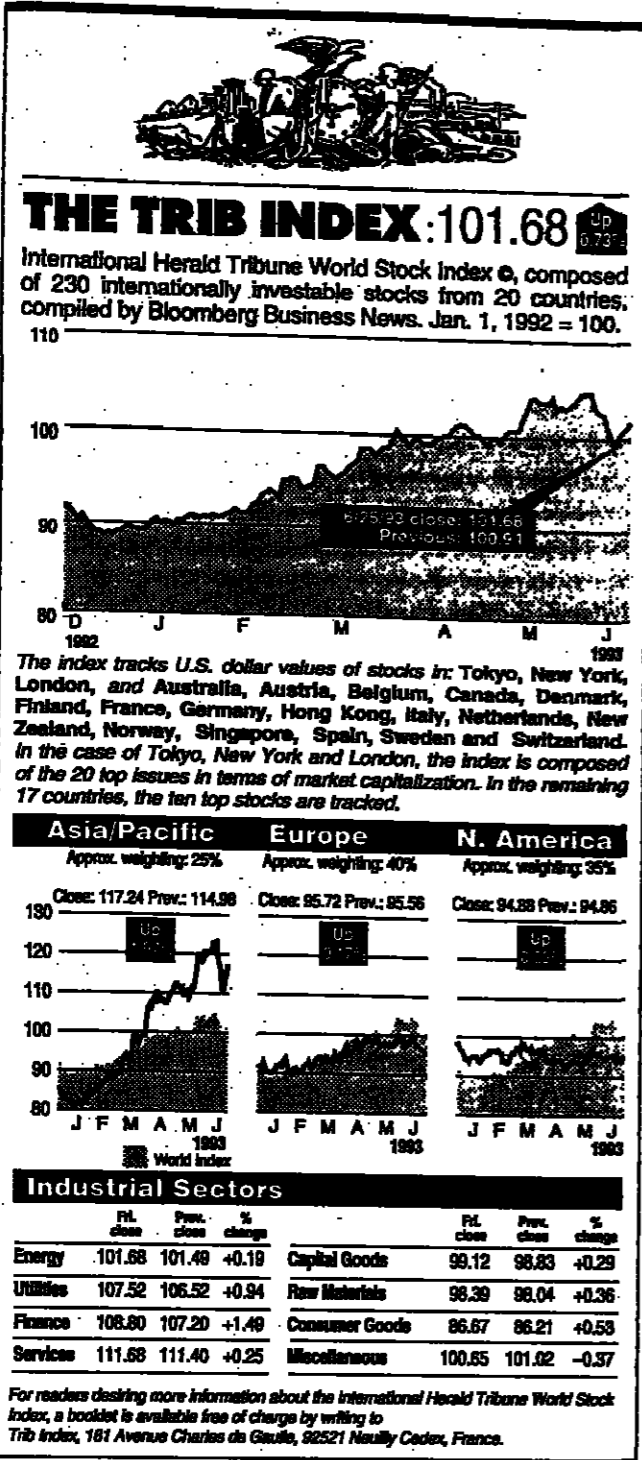


BUSINESS



International Herald Tribune, Saturday-Sunday, June 26-27, 1993

Page 9



Ministers Endorse EC Plans on Emissions

LUXEMBOURG — Two new European Community programs to cut carbon dioxide pollution were endorsed by energy ministers Friday as part of efforts to cut emissions to 1990 levels by the end of the century.

The first program would promote renewable energy by tripling production of electricity from such sources as the sun, wind power and biofuels from plants.

EC officials said the five-year plan involved boosting the share of such energy from 4 percent of total demand in 1991 to 8 percent in 2005, thereby cutting carbon dioxide emissions by 180 million tons.

The second program would improve energy efficiency through better insulation of buildings, regular inspections of boilers and vehicles and energy audits of industries using a lot of power.

It also provides for more efficient billing methods for heating and air conditioning to make energy consumers pay the true costs.

The Community's principal weapon against pollution — a combined tax on nonrenewable energy and the carbon content of fuels — is being held up by the opposition of Britain and several other states.

The EC share of global carbon dioxide pollution, which is believed to be responsible for the greenhouse effect of global warming, is around 13 percent, twice the international average on a per-person basis.

Energy Minister Gerard Longuet of France said the meeting also made some progress on the proposal to give big industrial consumers access to national distribution networks for electricity and gas.

The Yen Bounces Back

NEW YORK — The yen rebounded strongly against the dollar on Friday as traders focused on reports that they took confirmation of official U.S. desires for a higher yen.

The dollar fell to 106.285 yen at the New York close, from 108.75 on Thursday.

Traders cited an article in The New York Times on Friday that said the administration of President Bill Clinton wanted a strong yen as part of its aim of cutting the U.S. trade deficit with Japan.

Currency traders also said they had been reminded about the fundamental reason for buying the yen, the huge Japanese surplus, when C. Fred Bergsten, an influential Washington economist, said the tough new U.S. trade policy toward Japan implied an exchange rate range of 90 to 110 yen.

Between 100 and 110 yen was an "appropriate level," he said.

The dollar, which weakened to a record low against the yen on June 15, had regained a lot of lost ground last Friday after the vote of no-confidence against Prime Minister Kiichi Miyazawa plunged Japan into political uncertainty.

But the market had since appeared to come to terms with the political changes, and now, "We're really back to square one with the strong yen story," said Smart Thomson, an economist at Nikko Europe.

Friday's yen rise was "clearly a correction to the short-covering rally by foreigners last Friday, triggered by the political upset," he said.

The dollar also lost ground, but only marginally, against the Deutsche mark, slipping to 1,069 DM by the New York close from 1,073 DM at Thursday's close.

Even though traders believe a further easing of credit by the Bundesbank is inevitable, speculation of a cut as early as next Thursday's central council meeting has faded a bit, putting a cap for now on the dollar's rise against the mark.

Traders said yen buying for marks was again an attractive play on Friday.

"There were a lot of options triggered on mark-yen overnight and the feeling is you've just got to be long of yen against the mark," said Nick Downes, a trader at Caisse Nationale de Credit Agricole.

The mark set a record low at 62.20 yen late in Europe.

The dollar also fell to 5.7450 French francs in New York from 5.7490 francs and to 1.5153 Swiss francs from 1.5163. The pound rose to \$1.4757 from \$1.4655.

Seven Greenhouse of The New York Times reported earlier from Washington.

When the yen soared against the dollar in the mid-1980s, it put only a minor dent in Japan's huge trade surplus with the United States.

But the U.S. administration — and many economists — see YEN, Page 10

U.S. Said to Seek GNP and Trade Targets for G-7

TOKYO — The United States will seek common economic targets for the Group of Seven nations, including a 3 percent economic growth rate and limited trade surpluses, according to reports Friday.

Japan has objected to the proposals, the Jiji Press news agency reported, and the economic targets are expected to become the biggest stumbling blocks at the summit meetings here starting July 7.

In Washington, a senior administration official told issue with reports that the United States had scaled back its goals because Prime Minister Kiichi Miyazawa lost a no-confidence vote.

He said that the United States would continue to seek commitments to reduce Japan's trade surplus — estimated to be running this year at a level equal to 3.5 percent of Japan's total economy — down to 1.5 percent to 2 percent over four years. Washington will seek a Japanese commitment to increase its purchases of U.S. and other foreign manufactured goods by 33 percent.

"Issues of timing have been raised by the political circumstances in Tokyo," he said, "but our goals remain the same."

Japanese officials have denounced the use of numerical targets, calling them managed trade, and said they would never accept them. The U.S. official said: "There is no way to measure progress without measurements."

"The proposals are unrealistic and, moreover, targeted on Japan," one source told the news agency. Washington also proposed that Japan reduce income taxes, Jiji said.

The U.S. Treasury undersecretary, Lawrence Summers, said in Tokyo that Japan could boost global exports by some \$50 billion and create up to 2 million jobs worldwide by curbing its current-account surplus. He said that while Japan's surplus had dropped from 4 percent of gross national product in 1987 to less than 1.5 percent in 1990, it was expected to rebound to 4 percent.

"What the world needs from Japan now is a sustained period of domestic-led growth, a period when the demand for goods in Ja-

Waigel Is Adamant on Rates

BONN — Finance Minister Theo Waigel of Germany on Friday rejected any concerted interest-rate cuts with Paris and said only tough fiscal policy could pave the way for the independent Bundesbank to lower rates.

French-German economic and finance talks, abruptly called off by Bonn on Thursday after Paris put on pressure to discuss joint interest-rate cuts, would be rescheduled soon, he said on German radio. But he insisted there would be no talk of cutting rates together.

"No, that certainly won't happen," Mr. Waigel said. "We will talk about the economy and financial policy, about the situation in Germany and France, about growth initiatives in our own countries and in the European Community."

The French economy minister, Edmond Alphandery, said in a radio interview on Thursday that the French-German meeting, which was then scheduled for Friday, would "look at the conditions necessary for launching a concerted cut in interest rates."

Beard dashed the French hopes only a few hours later by postponing the meeting without setting a new date.

Mr. Waigel made clear that Bonn was in charge of its own financial policies and no outside pressure could move the Bundesbank before it was ready. "In Bonn, we are doing everything that is necessary to give the Bundesbank room," he said.

But independent economists said they were skeptical that the German government's planned budget cuts of 20 billion Deutsche marks (\$11.8 billion) in 1994 and 25 billion DM in 1995 would have a big impact on the federal deficit.

Wood Talks Falter on Forest Scope

GENEVA — An agreement to govern trade in tropical wood was put off until at least October when producers and consumers ended a week of talks Friday without resolving differences over conservation.

At the 50-nation conference aimed at renegotiating the 1985 International Tropical Timber Agreement, consumer countries balked at the demands of producers to include other forests — essentially those in North America and Europe — under the accord.

Led by Malaysia, the producers said their timber was at a market disadvantage because loggers in temperate countries were not bound to the same environmental standards.

Delegates agreed to reconvene Oct. 4-8 for the next round of formal talks. Annual trade in tropical timber is worth about \$7.5 billion.

ECONOMIC SCENE

An Anchor Begins to Drag As the Tide Tests the Mark

FRANKFURT — Is the Deutsche mark in danger of losing its role as Europe's anchor currency? It all depends on who you consider an anchor. In the sense that the Bundesbank, through the European exchange-rate mechanism, has been able to dictate monetary policy to its neighbors, the German anchor has indeed begun to drag.

For example, this week the German currency began trading at a 20-month low against the U.S. dollar, and France, whose inflation rate is half that of Germany, led a round of European interest-rate cuts that conspicuously did not include the Bundesbank.

Following the cuts, at the European Community's summit meeting in Copenhagen, its president, Jacques Delors, said the French franc, the Belgian franc and the Dutch guilder were supplementing the mark as an anchor, at least in the short term.

Later in the week, the French finance minister proposed coordinating interest-rate cuts with the fiercely independent German central bank and offered to help prop up the mark if it got into trouble, as the Germans had helped the French franc during recent currency turbulence.

The Bundesbank traditionally has referred to its role as being the "stability anchor" in a Europe that leaned all too often toward competitive devaluations and other sleight-of-hand to solve its economic problems. Some nations even welcomed this discipline, and it is largely to the Bundesbank's credit that inflation in Britain, France and Italy has come down.

As the cost of German unification and several years of high wage demands translated into inflation in excess of 4 percent, however, Germany lost Europe's monetary high ground. In fact, many European countries now boast inflation rates well below Germany's, which gives them room to undercut nominal German interest rates while still offering investors a higher real rate of return. Lower rates, in turn, let them grease their economies' squeaking gears.

Still, few analysts think the loss of absolute, dictatorial authority in interest rates will translate automatically into a massive investor exodus from mark assets into those of other European currencies.

The reason is that, in a deeper sense, Germany is still Europe's anchor:

- Germany's gross domestic product, though slipping, is still the biggest in Europe, accounting for one-quarter of the Community total.
- Germany is the European Community's biggest market and

U.S.-Canada Tiffs Cast a Shadow on Trade Talks

WASHINGTON — With its right hand, the U.S. administration is trying to tie the knot on an unprecedented free-trade agreement with Canada and Mexico that would sweep away most barriers to trade within North America.

With its left, it has jabbed Canada in the nose this week over trade disputes involving steel and wheat, and other blows could follow soon over beer and sugar.

U.S. officials said it was mostly an unfortunate coincidence prompted by a need for the socking up for U.S. rights. Canadians, who have a strong of animosity in trading relations with the United States, were repeating the old saw about even paranoids having enemies.

And even if negotiators were hopeful that the disputes would not spill over to jeopardize talks on the North American Free Trade Agreement, the flare-up is not helping — not with the two countries still far apart on enforcing protection of the environment and securing worker rights under the free-trade agreement.

"It really is getting close to a feeling of being harassed by a big and powerful country that shares the continent with us, of going back to 'might is right,'" said Tim Reid, president of the Canadian Chamber of Commerce.

The latest slap landed this week, when the Agriculture Department said it would increase subsidy payments to U.S. wheat farmers to help them sell more to Mexico in retaliation against "excessive" Canadian subsidies to its wheat farmers, whose shipments to the United States have increased sharply.

On Tuesday, the Commerce Department issued final calculations of penalty duties against steel producers in Canada, among other countries, for allegedly "dumping" in the United States at unfairly low prices. If the penalties are imposed, some Canadian firms could not afford to ship steel across the Great Lakes to the United States, some analysts say.

Meanwhile, the two countries appear headed for conflict soon over Canadian taxes and marketing rules that the administration contends discriminate against U.S. beer exports.

On still another front, Agriculture Secretary Mike Espy has recommended that the administration impose emergency limits on increased imports of refined sugar and sugar-containing products. Canada would be the principal casualty, according to Canadian officials.

"The list is growing longer by the day," said Frederick Trimer, chairman and CEO of steelmaker of Stelco Inc., a Hamilton, Ontario, steelmaker cited in the anti-dumping action. "I don't think it's a deliberate singling-out of Canada, but the new administration appears to be more aggressive, and listening to all the special interests pursuing their own agenda."

To Canadians, the wheat case is particularly offensive. "Obviously, it's political, it's votes," said Hubert Esquiro, president of the Western Canadian Wheat Growers Association.

The U.S. trade representative, Mickey Kantor, has been hammered on virtually every trip to Capitol Hill by senators from wheat-growing states enraged about rising Canadian shipments to the United States.

"Senator, durum wheat is always on my mind," Mr. Kantor told Senator Byron L. Dorgan, Democrat of North Dakota, during a hearing.

Senator Dorgan saw President Bill Clinton a week ago with a last push for increased subsidies, his staff said. His efforts were rewarded.

But the German Economy is Still in Charge in Europe

Germany's gross domestic product, though slipping, is still the biggest in Europe, accounting for one-quarter of the Community total.

Germany is the European Community's biggest market and

Mediobanca: The Reclusive Italian Giant

MILAN — On a narrow street beside Milan's La Scala opera house stands a palatial residence. Mediobanca, which is listed, never gives information to analysts.

Mr. Cuccia's team has been busy recently. When the Ferruzzi family realized earlier this month that they could not handle the \$20.5 billion in debt on their chemicals, food and energy empire, they turned to Mediobanca to organize a rescue.

[Union Bank of Switzerland and Societe Generale will join the group of five Italian banks led by Mediobanca that are carrying out the restructuring of Ferruzzi Finanziaria S.p.A., AFP-Extel News reported.]

When a debt-reduction plan for the Aga Khan's straggled hotel group Cigna SpA fell through in March, Mediobanca was called. Many of the acquisitions in the 1980s that swelled Fiat and Pirelli

banca remains a mystery. Its owners, chairman, Enrico Cuccia, 85, who helped found the bank in 1946, never gives interviews. Mediobanca, which is listed, never gives information to analysts.

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Germany (DM)	1,300	650	350	
Italy (L)	700	350	210	
Japan (Y)	800	400	220	
Great Britain (P)	210	115	65	
Greece (D)	75,000	41,000	22,000	
Ireland (Ir)	220	125	68	
Norway (Nkr)	60,000	32,000	18,000	
Netherlands (G)	14,000	7,700	4,200	
Portugal (Esc)	770	420	230	
Spain (Ptas)	3,500	1,800	1,000	
Sweden (Skr)	47,000	25,000	14,000	
Switzerland (Sfr)	48,000	25,000	14,000	
United States (Doll)	60,000	32,000	18,000	
West Germany (DM)	1,300	650	350	
Yugoslavia (Din)	3,500	1,800	1,000	
Other (Sfr)	610	325	185	
Rest of Europe, N. Africa, former Soviet Union, Middle East, India, Pakistan, Asia, Central and South America	530	285	160	
Rest of Africa	290	150	85	

* For information concerning special introductory rates for groups, call Bill IHT Germany at 0120-64 85 85 or fax (049) 69 4834. Rates do not include free service.
* For Madrid, hand-delivery is available by morning, but without the free issues.

CURRENCY & INTEREST RATES

Cross Rates									
	1993	1992	1991	1990	1989	1988	1987	1986	1985
Amsterdam	1.88	2.22	2.22	2.22	2.22	2.22	2.22	2.22	2.22
Bremen	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25
Frankfurt	1.78	2.17	2.17	2.17	2.17	2.17	2.17	2.17	2.17
London (S)	1.62	2.18	2.18	2.18	2.18	2.18	2.18	2.18	2.18
Madrid	16.61	16.61	16.61	16.61	16.61	16.61	16.61	16.61	16.61
Paris	1.66	2.16	2.16	2.16	2.16	2.16	2.16	2.16	2.16
Tokyo	1.62	2.16	2.16	2.16	2.16	2.16	2.16	2.16	2.16
Zurich	1.51	2.16	2.16	2.16	2.16	2.16	2.16	2.16	2.16
1 SDR	1.64	2.16	2.16	2.16	2.16	2.16	2.16	2.16	2.16

Eurocurrency Deposits									
	1 month	3 months	6 months	1 year	2 years	3 years	4 years	5 years	10 years
London	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2
Frankfurt	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2
Paris	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2
Zurich	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2

Key Money Rates									
	1 month	3 months	6 months	1 year	2 years	3 years	4 years	5 years	10 years
London	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2
Frankfurt	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2
Paris	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2
Zurich	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2

JAPAN PACIFIC FUND

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Luxembourg, 11, rue Aldringen
R.C. Luxembourg n° B 8340

Dividend Notice

At the Annual General Meeting held on June 16, 1993 the shareholders resolved to declare a dividend of US\$ 0.50 per share, payable from July 12, 1993 to shareholders on record on July 12, 1993 and to holders of bearer shares upon presentation of coupon No. 23. The shares will be quoted ex-dividend as from July 12, 1993.

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Herald Tribune

MARKET DIARY

Technology Stocks Are Session's Stars

NEW YORK — Technology stocks moved into the limelight Friday, lifting the over-the-counter market on which many of them trade, as blue-chip stocks shuffled through a listless session despite a fall in bond yields to 15-year lows.

The Dow Jones industrial average, the barometer of 30 big-capitalization stocks, rose a meager 0.28 point to close at 3,490.61.

Advancing stocks beat out declining ones by a 3-to-2 margin on the New York Stock Exchange, while volume on the Big Board was a light 205.8 million shares.

The Nasdaq combined composite index, covering the OTC market, surged 6.09, or 0.9 percent, to close at 694.81.

Three of the most active OTC stock, rallied 4 1/2 to 27 after the manufacturer of computer-networking products said fourth-quarter net income rose to 40 cents a share from 19 cents in the prior year.

The results alleviated some investors' concern about the company's profit outlook.

Novell Inc., another computer networker, rose 1 1/2 to 27 1/2 after the

company said it would buy back up to 11.1 million shares. Among other active OTC issues were Cisco Systems, up 2 1/2 to 5 1/2; Sysop Inc., up 4 1/2 to 3 1/2; and SynOptics Communications, up 1 to 3 1/2.

On the American Stock Exchange, NTN Communications was the most active issue, off 4 1/2 to 6 1/2. The president of the maker of interactive television systems said the company expects a second-quarter loss but a profit for the full year.

On the broader market, stocks were underpinned by low interest rates as the yield on the 30-year Treasury bond hit 6.70 percent, the lowest close since the Treasury started regularly selling bonds in 1977.

But any rally in stocks was constrained by overhanging concern about the strength of second-quarter earnings and the economy.

Big companies such as Minnesota Mining & Manufacturing Co., 3M Corp., AMR Corp., H.J. Heinz Co. and Hewlett-Packard Co. released discouraging earnings estimates over the past weeks.

Stanley Works, which had fallen 3 1/2 Thursday, declined another 2 1/2 to 39 1/2. The tool company said Thursday that its second-quarter earnings would be below last year's.

(Reuters, Bloomberg, UPI)

YEN: The Currency Bounces Back

Continued from Page 9

missteps — are confident that this time the yen's recent rise will prove far more successful in curbing Japan's bulging trade surplus, which now stands at \$50 billion annually.

To chop away at Japan's surplus, the administration has embraced a three-part approach that includes

Foreign Exchange

not only a strong yen but also wiping away trade barriers and pushing Japan to stimulate its economy and consumption.

Administration officials say it is important for all three parts to work together, although they acknowledged that Japan's political crisis could weaken the yen and might make it harder to persuade Tokyo to take further steps to reduce the surplus.

Although the administration denies that it has deliberately sought to push up the Japanese currency, the yen, egged on by comments from Treasury Secretary Lloyd Bentsen and other officials, has soared 15.7 percent against the dollar since January.

Administration officials and many economists point to several reasons why the strong yen should push America's trade deficit with Japan down more rapidly than in the past.

Japanese companies, plagued by recession at home, now often have razor-thin profit margins, so when the yen rises, they feel immense

pressure to pass that on quickly by raising their prices.

By contrast, in 1985, Japanese companies, helped by thriving sales at home, were able to swallow much of the currency swing in order to hold on to market share.

"The effects of the exchange-rate changes will be quicker than before because Japanese companies are not in a position to absorb the exchange-rate change," said Barry P. Bosworth, a senior fellow at the Brookings Institution.

Another reason why a faster reaction is expected this time is that U.S. companies are more competitive now, giving U.S. consumers less incentive to buy Japanese.

Probably the best evidence of this is the resurgence of U.S. automakers, chip manufacturers, and laptop computer makers — all of whom have grabbed up some Japanese market share this year.

And Japan is in a slump, so when its economy snaps back, Japanese consumers and companies will have more money to spend, and will buy more imported goods.

Mr. Bergsten, director of the Institute for International Economics in Washington, argues that the stronger yen will cut Japan's surplus in another way: Since a mighty yen will slow Japan's economic growth by hurting its exports, "the stronger yen substantially increases pressure on the Japanese government to do a large, new economic stimulus package."



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U.S./AT THE CLOSE

AT&T's Tobias Takes Over at Lilly

INDIANAPOLIS (Combined Dispatches) — Eli Lilly & Co. announced Friday that its board of directors had unanimously elected Randall L. Tobias — who left his job as vice chairman of AT&T — to the positions of chairman, president and chief executive officer.

Shares in Lilly shot up after the news of the management changes, closing at \$31.25, up \$1.875, on the New York Stock Exchange.

Mr. Tobias replaces Vaughn D. Bryson, who became president and chief executive 19 months ago. Eli Lilly said Mr. Bryson's "management philosophy" was prompted by differences with the board over "management philosophy."

American Telephone & Telegraph said it had not decided on a replacement for Mr. Tobias. A spokesman said, "It's all happened too fast to make any kind of decision yet."

Mr. Tobias is known for leading AT&T's thrust into international markets. He was also chairman and chief executive of AT&T International.

(Bloomberg, Reuters)

Merrill Warnings Hit Apple Shares

NEW YORK (Knight-Ridder) — Apple Computer Inc. shares dropped Friday in over-the-counter trading after Merrill Lynch slashed its estimate for 1993 earnings from \$3.50 a share to \$2.50. The stock lost \$1.50 to close at \$40.25.

Merrill said that more restructuring charges were ahead at Apple because of expected layoffs and other cost reductions. It also pointed to continued pressure on Apple's gross margins and to inventory write-downs resulting from price reductions.

Apple earned \$4.33 a share in 1992. Merrill said it was suspending its estimates for 1993, which stood at \$4.50.

Northern Telecom Sees Poor Period

TORONTO (Knight-Ridder) — Northern Telecom Ltd. said Friday that because of slow sales it expected to report a loss in the second quarter. It also said that earnings for the year would be "significantly" below those of 1992.

The company said revenue in North America and Europe was "showing slower growth than expected," while growth in the Asia-Pacific region and the Caribbean and Latin America was continuing.

It also announced the appointment of Bradford Butler, a former chairman of Procter & Gamble Co., as chairman. The board said it had accepted the resignation of Paul Stern as chairman and director.

Hershey Forecasts Weak 2d Quarter

HERSHEY, Pennsylvania (Bloomberg) — Hershey Foods Corp. said Friday it expected second-quarter earnings to be in a range of 24 cents to 29 cents a share, 5 cents to 10 cents a share lower than last year's earnings from operations.

The company earned \$34.5 million, or 39 cents a share in the second quarter of 1992, including a gain of 5 cents a share from the sale of a business in Brazil. But Hershey said it expected strong third and fourth quarters and a record year despite the second-quarter prediction.

Home Sales Advanced 4.6% in May

WASHINGTON (APF) — Sales of existing homes shot up 4.6 percent in May, the second advance after a winter slump, the National Association of Realtors said Friday.

The May increase, to 3.61 million homes sold, after a 2.4 percent increase in April to 3.45 million homes, was the biggest increase since a similar gain in December before sales tumbled for three consecutive months because of bad weather.

For the Record

Gillette Co. said Friday that it would unveil the "next breakthrough in shaving technology" next Wednesday. But the company said it was keeping its plans secret until then.

Permat Systems, a unit of International Business Machines Corp., said Friday it had unveiled a cut-sheet production printer that could produce 92 pages per minute.

(Reuters)

U.S. to Ask G-7 Aid for Russia

MOSCOW — The U.S. foreign aid chief, J. Brian Atwood, pledged on Friday to pursue the goal of raising \$4 billion from the West to help Russia's move to sell off state-owned firms, but conceded that it may be unrealistic for the time being.

He said the United States would put \$125 million on the table at a summit meeting of the Group of Seven from July 7-9 in Tokyo and would try to raise more.

The administration of President Bill Clinton proposed \$2 billion from the G-7, including \$500 million from the United States, and \$2 billion from banks and international financial institutions. Other G-7 countries did not express much enthusiasm.

WORLD STOCK MARKETS

Table with multiple columns listing stock market data for various cities including Amsterdam, Brussels, Frankfurt, London, Milan, Paris, Sao Paulo, Singapore, Zurich, and others. Columns include High, Low, Close, Change, and % Change.

U.S. FUTURES

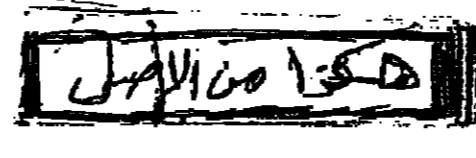
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£525 Million Payout In Rothmans Deal

Compiled by Our Staff From Despatches

LONDON — Shareholders in Rothmans International PLC and Dunhill Holdings PLC will receive a total £525 million (\$771 million) in cash plus shares in two new companies as part of the separation of the Rothmans and Dunhill tobacco and luxury-goods interests, the companies said Friday.

The payout will principally benefit Compagnie Financière Richemont AG, the Swiss-based, South African-controlled holding company that will continue to control the revamped organization. Analysts estimated Richemont would collect about £300 million.

Analysts said the Rothmans move was designed to unlock value of the nontobacco interests.

"If you have tobacco interests in a business with other activities, tobacco is going to submerge the value of the other things," said Zafir Khan at Société Générale Strauss Tumbull.

A recent decision by Philip Morris Co. to cut the price of its Marlboro brand has caused a reassessment in the value of all established cigarette brands. At the same time changes in lifestyles and tax regimes have cut sales in developed nations.

Some of these trends were on display Friday when Rothmans reported its earnings for the year ended March 31. Although pretax profit rose 8.6 percent to £514 million, worldwide cigarette sales fell just short of the previous year's level.

Richemont will own 61 percent of Rothmans and 70 percent of Vendôme. Former public shareholders of Rothmans will own 38 percent of Rothmans and 18 percent of Vendôme, and former public holders of Dunhill will own 1 percent of Rothmans and 8 percent of Vendôme.

Bond Boom Hits France

Compiled by Our Staff From Despatches

PARIS — The government's big new bond issue got off to a rousing start Friday as investors piled on to the "Balladur bond" handwagon on the first official day of sales.

Initiated by the new conservative government of Prime Minister Edouard Balladur, the bonds offer attractive tax breaks and are convertible into shares of companies once a huge privatization campaign gets under way this fall.

The government hopes to raise at least 40 billion francs (\$7 billion) through the issue to fund job-creation measures. Sales end July 10.

First estimates of demand for the paper showed that the official target was likely to be exceeded.

"Given the number of telephone calls asking for information and customers' intentions, there is a real mass craze for this bond," said Christian Delme, in charge of private clients at Banque Nationale de Paris, one of the banks running the sale.

"Everything suggests that the 40 billion franc total is already behind us," Crédit Agricole is the other lead manager.

Some bankers speculate the total could reach 80 billion francs or more for the four-year bonds, which pay an annual interest rate of 6 percent.

Holders of the bonds will be exempt from tax on any capital gains they may make if they buy them with cash taken from money-market funds and placed in a special kind of securities savings plan, known as a PEA.

There is an estimated 800 billion francs of private cash tied up in money-market funds in France.

Savers are being bombarded by television, radio, press and billboard advertising, urging "Let's Invest in Our Future." The Economy Ministry is running an advice hotline and about 43,000 bank and post office branches around the country are pushing the Balladur bond. (AFP, Reuters, APX)

Unions Back Wage Pact For Italy

Reuters

ROME — The Italian government, struggling to secure a wage pact to restrain inflation, on Friday won the backing of labor unions.

"As far as we're concerned, the main part of the negotiations is over," said Pietro Larizza, general secretary of the UIL union, one of the three national confederations taking part in talks.

Mr. Larizza, who spoke to journalists after unions met Prime Minister Carlo Azeglio Ciampi and Labor Minister Gino Giugno, said he expected the government to meet separately later with employers' representatives.

Industrial employers have so far rejected government attempts to mediate a solution.

The proposed accord would lay down terms for national wage bargaining for the rest of the decade.

Both the government and independent economists say an agreement is vital to ensure there is no rekindling of inflation once the economy begins to move out of recession.

The industrial employers group Confindustria has been resisting union demands for more wage negotiations at company level.

Confindustria says it is willing to set company-level deals extended to all but the very smallest companies, but only if the government waives additional industry contributions to pensions and social security.

Industry says any company level wage rises must be linked directly to increased profitability. Unions want a less rigid yardstick such as productivity.

Employers also demand union concessions on flexibility in the hiring of temporary labor.

The negotiations would set up a new framework for wage bargaining after a historic accord last July between employers and unions abolished an automatic link between wages and the cost of living.

The abolition of the wage indexing system is widely credited with having helped Italy's annual inflation rate fall to 20-year lows.

Investor's Europe

Frankfurt DAX	London FTSE 100 Index	Paris CAC 40
1800	2000	2100
1700	2000	2000
1600	2000	1900
1500	2000	1800
1400	2000	1700
1300	2000	1600
1200	2000	1500
1100	2000	1400
1000	2000	1300
900	2000	1200
800	2000	1100
700	2000	1000
600	2000	900
500	2000	800
400	2000	700
300	2000	600
200	2000	500
100	2000	400
0	2000	300

Sources: Reuters, AFP

Survey Weighs Effects of Wider EC

AFP-Excl News

LONDON — Iron and steel industries, agriculture and the food sector in the European Free Trade Association are thought likely to suffer in any future integration with the European Community, according to a survey by the accountants Ernst & Young of the 100 largest companies in each of Austria, Switzerland, Sweden, Norway and Finland.

But the survey said the chemical, electrical, electronics and tourism industries were expected to do well when the European Economic Area agreement comes into effect.

The iron and steel industries in the Nordic countries will suffer from existing overcapacity in the EC, and from potential imports from Eastern Europe, it said.

"Surprisingly, given overcapacity elsewhere, the chemical industry was seen as a sector which will gain," Ernst & Young said.

Agriculture and parts of the food industry are not directly affected by the EEA agreement, but future EC membership may require a re-evaluation of existing subsidies, the study said.

"Conversely, tourism might be expected to benefit, particularly in the Nordic countries, as exchange rates become more realistic," it said.

Sweden was seen by most as the country most likely to benefit — 90 percent of companies thought so — and all other countries except Switzerland would benefit substantially, according to the study. Only 52 percent of companies thought Switzerland would benefit.

Some 66 percent of companies in the survey sample believed that a single currency would have a positive impact on their business, but only 15 percent believed it would be introduced by the year 2000.

The survey was carried out by mail in March and April.

EC Ministers Dilute Rules on Fish Catch

AFP-Excl News

LUXEMBOURG — EC fisheries ministers agreed Friday on new rules to protect fish stocks that are less strict than rules proposed by the EC Commission, said the Danish minister, Bjorn Westh.

The commission had wanted to stop fishing boats from carrying more than one type of net. But ministers decided to allow more nets on board, provided they were packed.

Industry says any company level wage rises must be linked directly to increased profitability. Unions want a less rigid yardstick such as productivity.

Employers also demand union concessions on flexibility in the hiring of temporary labor.

The negotiations would set up a new framework for wage bargaining after a historic accord last July between employers and unions abolished an automatic link between wages and the cost of living.

The abolition of the wage indexing system is widely credited with having helped Italy's annual inflation rate fall to 20-year lows.

Matra-Hachette Expects Sharp Rise in Profit

Compiled by Our Staff From Despatches

PARIS — Matra-Hachette SA expects a "very marked increase" in profit this year but does not believe revenue will rise much above last year's level, its chairman, Jean-Luc Lagardère, said Friday.

Revenue was 55.1 billion francs (\$9.2 billion) in 1992. But amid recession in Europe, revenue in the first quarter of this year slipped 2.5 percent to 12.6 billion francs.

Mr. Lagardère, addressing the annual meeting of the conglomerate created by last year's merger of Matra and Hachette, said the profit improvement above 1992's 354 million francs would be partly due to declining financial costs linked with the bankruptcy of Hachette's television station La Cinq.

In addition, he said, write-downs of goodwill and depreciation are lower this year than the 306 million francs reported for 1992.

And at an operating level, Mr. Lagardère said the company's nine divisions would all be profitable this year.

Mr. Lagardère's comments lifted Matra-Hachette shares, which ended 5.10 francs higher at 140.10.

Schneider SA, the electrical-equipment and construction concern, will be absorbed by its holding company, SPEP, in the autumn, Schneider's chairman, Didier Pineau-Valencienne, said Friday at the annual meeting.

SPEP has offered 10 shares for every 7 Schneider shares, he said.

Following the absorption, the debt of the new entity will be cut by 1 billion francs by comparison with Schneider group's present debt, which has a ratio of 1.10 to stockholders' equity, Mr. Pineau-Valencienne said.

He said the debt reduction also will have a small favorable effect on Schneider's earnings per share this year.

Mr. Pineau-Valencienne declined to make any forecast of group results and sales for this year as a whole. But he said he did not expect the Spie-Batignolles unit to return to breakeven in 1993 because no significant recovery

has materialized in the construction and property sector. Spie-Batignolles reported a net loss of 274.3 million francs for 1992.

UAP's privatization does not require the resolution beforehand of the dispute between UAP and Compagnie de Suez over the French insurer Victoire, Chairman Jean Peyrelevede said at the annual meeting.

UAP, Union des Assurances de Paris, and Suez broke off year-long talks last December over UAP's offer to sell its 34 percent stake in Victoire to Suez, which owns 58 percent of Victoire. In exchange, UAP would have received Victoire's controlling stake in the German insurer Colonia Konzern AG.

"What is important is getting back to a normal level of profitability," Mr. Peyrelevede said. He added that UAP expected to have a significant rise in profit in 1993, without reaching the record 4.2 billion francs of 1990.

In 1992, UAP's attributable net profit fell 71 percent to 1.08 billion francs.

(AFP, Reuters, Bloomberg)

MARK: An Anchor Begins to Drag as the Tide Tests the German Currency

Continued from Page 9

most countries' largest European trading partner.

The mark after the dollar, is still the world's second-largest reserve currency, or place where international institutional investors, especially central banks, deposit their funds. In 1992, Deutsche-

mark trade accounted for \$550 billion a day, or 40 percent of global foreign-exchange turnover.

The mark also has the heaviest individual weighting — at 32 percent — in the European Currency Unit, which delimits European currency divergences until a single European currency is created later in the decade, if ever.

Alternatives to the mark are scarce. The British pound, which also enjoys relatively high turnover, squandered much of its credibility during a currency crisis last year.

The French franc and the currencies of the Benelux countries, while more stable than the mark of late, are considered illiquid.

The Swiss franc, the continent's

other stable currency, is not part of the European exchange-rate mechanism.

While the Bundesbank does not rule out that the mark could be replaced as the macroeconomic anchor by a bloc of other economies and currencies, it considers the shift highly unlikely.

NASDAQ

Friday's Prices
NASDAQ prices as of 4 p.m. New York time. This list compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

12-Month High	Low	Div	Yld	P/E	High	Low	Latest	Chg
100	100				100	100	100	
101	101				101	101	101	
102	102				102	102	102	
103	103				103	103	103	
104	104				104	104	104	
105	105				105	105	105	
106	106				106	106	106	
107	107				107	107	107	
108	108				108	108	108	
109	109				109	109	109	
110	110				110	110	110	
111	111				111	111	111	
112	112				112	112	112	
113	113				113	113	113	
114	114				114	114	114	
115	115				115	115	115	
116	116				116	116	116	
117	117				117	117	117	
118	118				118	118	118	
119	119				119	119	119	
120	120				120	120	120	

12-Month High	Low	Div	Yld	P/E	High	Low	Latest	Chg
121	121				121	121	121	
122	122				122	122	122	
123	123				123	123	123	
124	124				124	124	124	
125	125				125	125	125	
126	126				126	126	126	
127	127				127	127	127	
128	128				128	128	128	
129	129				129	129	129	
130	130				130	130	130	
131	131				131	131	131	
132	132				132	132	132	
133	133				133	133	133	
134	134				134	134	134	
135	135				135	135	135	
136	136				136	136	136	
137	137				137	137	137	
138	138				138	138	138	
139	139				139	139	139	
140	140				140	140	140	

12-Month High	Low	Div	Yld	P/E	High	Low	Latest	Chg
141	141				141	141	141	
142	142				142	142	142	
143	143				143	143	143	
144	144				144	144	144	
145	145				145	145	145	
146	146				146	146	146	
147	147				147	147	147	
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151	151				151	151	151	
152	152				152	152	152	
153	153				153	153	153	
154	154				154	154	154	
155	155				155	155	155	
156	156				156	156	156	
157	157				157	157	157	
158	158				158	158	158	
159	159				159	159	159	
160	160				160	160	160	

12-Month High	Low	Div	Yld	P/E	High	Low	Latest	Chg
161	161				161	161	161	
162	162				162	162	162	
163	163				163	163	163	
164	164				164	164	164	
165	165				165	165	165	
166	166				166	166	166	
167	167				167	167	167	
168	168				168	168	168	
169	169				169	169	169	
170	170				170	170	170	
171	171				171	171	171	
172	172				172	172	172	
173	173				173	173	173	
174	174				174	174	174	
175	175				175	175	175	
176	176				176	176	176	
177	177				177	177	177	
178	178				178	178	178	
179	179				179	179	179	
180	180				180	180	180	

12-Month High	Low	Div	Yld	P/E	High	Low	Latest	Chg
181	181				181	181	181	
182	182				182	182	182	
183	183				183	183	183	
184	184				184	184	184	
185	185				18			

NYSE

Table with columns: 12 Month High, Low, Stock, Div, Yld, PE, 100, High, Low, Last, Chg, Pct. Includes NYSE Friday's Closing and various stock listings.

Table with columns: 12 Month High, Low, Stock, Div, Yld, PE, 100, High, Low, Last, Chg, Pct. Includes NYSE High-Lows and various stock listings.

Table with columns: 12 Month High, Low, Stock, Div, Yld, PE, 100, High, Low, Last, Chg, Pct. Includes NYSE High-Lows and various stock listings.

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INTERNATIONAL FUNDS

June 25, 1993

Main table of International Funds with columns: Fund Name, 12 Month High, Low, Stock, Div, Yld, PE, 100, High, Low, Last, Chg, Pct. Includes various fund categories like Global, Europe, Asia, and Emerging Markets.

Hong Kong Fear Effect Tunnel Bill Losses

Big Question

AMEX Price & Closing

For information on how to list your fund, fax Simon OSBORN at (33-1) 46 37 21 33.

THE MONEY REPORT

FIRST COLUMN Currencies: The Mouse That Roared

ONE of the better jokes of recent weeks was made, albeit unintentionally, by the U.S. politician calling for a fund manager to be investigated because of his alleged manipulation of the foreign exchange markets.

While it is true that once a manager or analyst achieves guru status, the words from their mouths can take on the quality of what is known in aesthetics as a performative statement.

Yen's Rise Can Resist A Government's Fall

By Conrad de Aenlle

THE yen ended a volatile week of trading pretty much where it began, despite the fall of the government, and has recouped most of a sharp decline that began two weeks ago.

Nevertheless, the drop was its biggest in months and suggests to some that the tremendous run against the dollar and practically everything else may be near an end, if not past it.

Up was certainly the right bet on the yen since late January, when a dollar bought 125 of them.

The rise noticeably stalled as the crisis within the government deepened. After failing to enact legislation to reform Japan's political system, Prime Minister Kiichi Miyazawa lost a confidence vote June 18 and called elections for a month later.

The political crisis "has broken the trend of the yen for the moment," said Robin Hubbard, chief economist at Paribas Capital Markets Group.

But the moment may be fleeting. Other analysts say there is little reason for the government's collapse to hurt the currency.

Indeed, the yen spent the rest of the week picking itself up from its stumble. It was trading around 106 on Friday, up from 112 to the dollar on Monday.

If the yen should weaken anew, it may be due to economics, rather than politics, and to the elegantly simple mathematics of international capital flows.

During late winter and much of the spring, rates on Japanese bonds rose by more than a percentage point, a big move for the traditionally low-yielding debt.

While the dollar was losing ground to the yen nearly without letup, it actually gained about 5 percent on the Deutsche mark, which fell from just under 79 yen to about 65.

It could fall still further, Mr. Hubbard said, because of the weakness in Germany's economy.

Inflation in Germany is down and the current-account deficit is up, he noted, and "therefore we can expect lower interest rates; most people accept that the currency is overvalued."

Of the three big world economies, Germany's is expected to be the weakest by far through next year.

U.S. growth is projected at 2.8 percent this year and 2.3 percent in 1994, Japanese growth is seen at 2.1 percent this year, accelerating to 3.5 percent next year.

Some analysts think there is more to currency movements than economics and politics; sentiment, for instance. Just before it turned, the yen was expected to keep rising by just about everyone who offered an opinion on the subject, which in the financial world means just about everyone, period.

But then, as one London currency trader recounts, "A lot of things happened at the same time. At 105, people thought the dollar had gone down too quickly, then you had the political uncertainty. Everything went the same way and market sentiment shifted quite dramatically."

Sentiment had indeed been running so much in favor of a stronger yen that a rate of 100 to the dollar was seen as nearly a sure thing. It was reminiscent of 1985, when sterling was around \$1.05 and London bookies

who first must convert their money to yen, sending the currency higher.

And foreigners are buying more than just financial assets in Japan. As always, they are buying televisions and cars. Again, the yen is supported.

Although exports have remained strong, Japan's domestic economy has cooled off markedly over the last couple of years. Overseas investment by banks, industrial companies and individuals has shrunk. That, notes the fund managers Guinness Flight, also keeps more yen in the country and the price high relative to other currencies.

"Recent yen strength is largely a function of the problems of recycling the growing Japanese current-account surplus, expected to be a record \$118 billion for last year and to rise further this year," a Guinness Flight report says. Efforts to increase foreign investment are being thwarted, it adds, by the rising stock market, which, of course, attracts money from inside Japan as well.

But others think the yen has risen far enough and fast enough that Japanese investors will again commit substantial amounts of capital overseas, particularly in the United States, sending the yen lower.

"The dollar will find a bottom when U.S. assets look cheap enough to attract significant investment flows from Japan," say researchers at J.P. Morgan. "Japanese portfolio investment abroad should accelerate as the market tests the 90-to-100-yen area."

"A change of government is unlikely to mark any great change in government policy," was the comment of Chase Manhattan Bank just before the confidence vote. "Upside for dollar/yen, therefore, looks limited, and we would expect the [dollar's] downward trend to be firmly and quickly re-established."

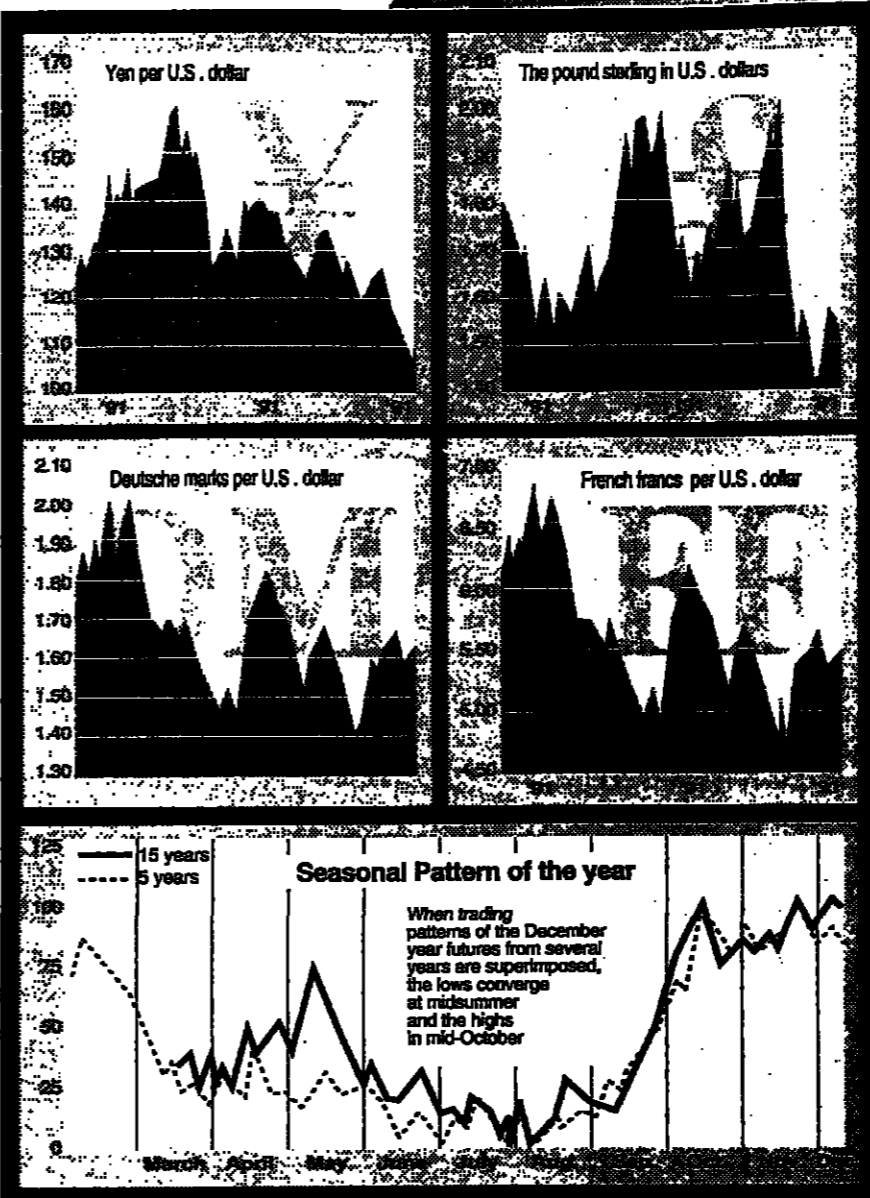
If foreign assets are again seen as smart buys, then foreigners are also likely to find Japanese goods to be bad ones, something that may also depress the yen, Mr. Hubbard suggests.

The yen is actually starting to hurt Japanese exporters, and that's something Japanese governments always get concerned about," he commented. For that reason, "I don't think it's going to move up much further against the dollar, but it may move against the European currencies because the Deutsche mark looks to be weak over the coming months."

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Source: Bloomberg, Moore Research

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Sentiment had indeed been running so much in favor of a stronger yen that a rate of 100 to the dollar was seen as nearly a sure thing. It was reminiscent of 1985, when sterling was around \$1.05 and London bookies

made parity with the dollar an even bet. Of course, it never happened.

What does happen over and over again, says Jerry Toepeke, editor of the Moore Research Center Report, which tracks seasonal commodity movements, is a summertime peak in the dollar.

"The typical movement for currencies is to make some kind of low in June, July, maybe August, then rise into the last business day of the year," he said. Then "they tend to decline. That's been a strong tendency over the last 15 to 18 years," occurring about 80 percent of the time.

What if a currency has headed straight up into a period where it should be bottoming, such as the yen has done? Sometimes the pattern is reversed, so "when a market comes into a seasonal period backwards, it will go out backwards," he said.

Another possibility is that the currency is in a strong bull move and hit its bottom a lot sooner than it should have. In such a case, there are "powerful underlying fundamentals saying the normal stuff is out the window this year," Mr. Toepeke remarked. "This is something dramatic and unusual. That's what's happening with the yen. The seasonal work best when there's not an underlying fundamental [trend]. This year with the yen, there's obviously something going on."

Mr. Toepeke stresses that "our work strictly analyzes history and puts it in perspective." They are not in the prediction business per se. But there is no shortage of others who will offer forecasts on the yen.

Citibank's analysts expect the dollar to trade between 95 and 112 yen over the next three months. Looking out six months to a year, they have a target of 115 yen to the dollar. Citibank sees "early signs of weakening support for the yen now, but these are not overriding."

Mr. Hubbard of Paribas states that the yen's rise is "probably coming to an end." His advice: "I would be putting my money into dollars at the moment," followed by assets denominated in yen, sterling, Swiss francs and Deutsche marks.

Morgan, on the other hand, expects Japanese and European interest rates to fall, and even though that usually means bad news for their currencies, the bank is recommending yen- and mark-denominated bonds for those with a three-month horizon. The belief is that the potential gain from the bonds' appreciation outweighs the currency risk.

Projecting out until the middle of next year, however, Morgan's staff sees the best returns in the dollar bloc, including Canada and Australia.

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BRIEFCASE

The Real Investment Value: It Depends on the Currency. Beware the currency factor. It is an old lesson, but one that needs to be constantly re-learned: The success of an investment depends very much on the currency in which it is calculated.

Take the example of CMI, the international arm of Clerical Medical Investment, which is justifiably proud of the returns recorded by its three risk-rated funds over their first year. The Protected Portfolio, aimed at the cautious investor, achieved 17.71 percent in its first year.

But before readers start running for their checkbooks, they should remember that the above percentages are calculated in sterling, a currency that has had a bad time over the past year. The returns, when presented in dollar terms, are less appealing. They translate into 6.03, 8.74 and 16.06 percent for the three funds in ascending order of risk.

Those figures are generally better than the dollar-oriented products, launched in July, which have produced gains of 12.56, 2.44 and 1.32 percent for low-, medium- and high-risk funds. The low-risk fund's good return is largely accounted for by the strong run in the U.S. bond market for much of last year and earlier this year.

CMI has just produced another risk-oriented clone for Irish investors. The minimum investment is 30,000 Irish punt (\$45,000).

For more information, call CMI in London (44 71) 930 5474.

Fidelity Expanding to Meet Growing German Demand

Germany is where the action is, according to Fidelity, the international fund management firm. Fidelity has just announced an expansion of its operations in Luxembourg, the tax-privileged EC member state.

"Sales into our Luxembourg Fidelity Funds range and the Bermuda-based Money Funds have grown rapidly, to the extent that they now exceed U.K. unit trust sales, and assets under management have also been growing rapidly," said Barry Bateman, president of Fidelity International. "Some 50 percent of business is now coming from the German bloc."

French Oil Company Elf Gets a Vote of Confidence

While question marks linger over some of the companies scheduled for privatization by the French government, it seems that Elf, the state-owned oil company, should do well. At least, it will if this week's note on the company from the international investment house Morgan Stanley is a good guide.

U.S. Government Bonds Provide Negative Returns

The sustained bull run in U.S. bonds had already petered out, but last month was still exceptional in providing a negative return for investors in U.S. government bonds. The fall of 0.41 percent, as calculated by Kemper Investment Management, the London-based subsidiary of the U.S. fund manager, is among the worst of the returns international investors might have achieved by committing money to major international government bond markets.

That is one conclusion reached by Ruzheiner International, a Wisconsin-based consultancy, which has just surveyed 165 relocation professionals. Of companies with U.S. employees expatriated to "potentially dangerous locations," 53 percent use another employee with "actual on-site experience" to brief new employees on personal safety.

"The prospect of a safer global working environment for U.S. expatriates has not improved with the collapse of communism," said Chris Ritter, vice president of the international division of Ruzheiner International. Mr. Ritter regards the former Communist countries as engendering "factionalized chaos," while "Third World dictators are left to their own devices with two limitations: less guidance and less money."

Another Corner is Turned in U.K. Real Estate Market

One of the sadder sights on the international investment scene over the past few years has been the woe of desperate real estate agents trying to talk a little life into the deflatingly comatose U.K. residential property market. To judge from the number of corners that the market has supposedly turned since 1989 you might expect that the British live in semidetached versions of the Hampton Court maze.

But now, maybe, a real corner has been turned in the market. On the one hand, the intervention, and considerable investment, of George Soros, a well-known fund manager, has helped provide a psychological boost to the commercial real estate market. And on the other, U.K. interest rates are low, and lenders say that activity is finally picking up in the residential sector.

"Recently, we have been helping clients from the Lebanon, Sweden, Greece, Hong Kong, Switzerland, Australia, the Gulf states, Germany and the United States," said Simon Tyler, marketing director of London-based mortgage broker Chase de Vere Home Loans PLC. Mr. Tyler says that international interest in Britain has been boosted by a lower sterling rate against most currencies, and the climate of lower U.K. interest rates.

Mr. Tyler's firm currently has three fixed-rate mortgages on offer. Buyers can choose between 7.99 percent, fixed for five years, 6.99 percent, fixed for three years, or 6.49 percent, fixed for two years. The minimum loan is £40,000 (\$60,000), and buyers must provide at least 25 percent of the purchase price themselves.

For more information, call Chase de Vere in London (44 71) 930 7242.

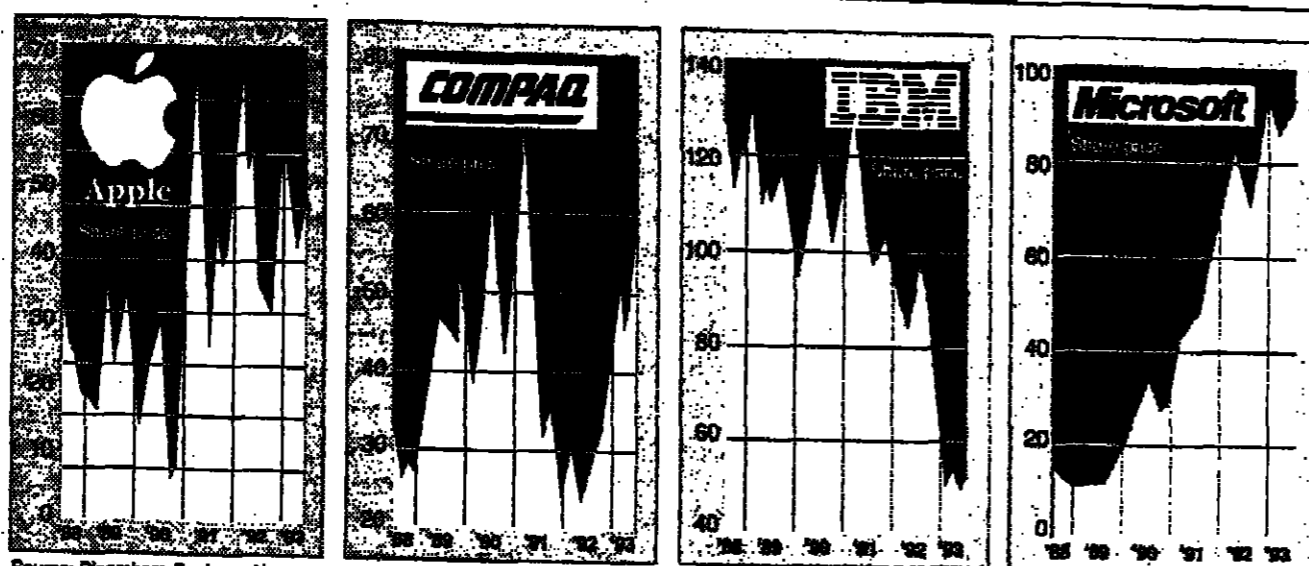
Companies Put More Stress On Security of Expatriates

How safe is the expatriate employee? Although incidents of terrorism and kidnappings were down last year, international companies are paying more attention to the security of their employees.

Companies are paying more attention to the security of their employees. Although incidents of terrorism and kidnappings were down last year, international companies are paying more attention to the security of their employees.

Vertical advertisement for Trust Law and J.B. Et, featuring text about legal services and investment opportunities.

THE MONEY REPORT



Source: Bloomberg Business News. International Herald Tribune

Software Stock: There Are No Blue Chips

By Aline Sullivan

THE prodigious success of Microsoft Corp., the U.S. software company whose market capitalization earlier this year outstripped that of IBM Corp., has prompted speculation among investors over the identity of the "next Microsoft." But picking winners in the fast-evolving information technology market is no easy task.

Hingorani. Along with Microsoft, the Sun, IBM and Novell systems should also win substantial markets share within the next few years, he said.

Merrill Lynch analyst Michelle Preston said in a recent note to clients that it would serve Microsoft best to position Windows NT as a complementary rather than competitive offering to Novell's Network. She said: "Novell has significant advantages in its well-educating distribution channel and field service/support organization. Windows for Workgroups may be a successful product for home, education, small business and small groups in an organization but is a

cluding Apple Computers. Now Microsoft's MS-DOS system is found in the vast bulk of PC sales. This success may carry a hefty price. Microsoft is under review by the U.S. Federal Trade Commission following allegations from rivals that the company sought to monopolize the market for PC operating systems. Analysts say the investigation, along with possible civil lawsuits against the company by its competitors, could cast a cloud over Microsoft's share price.

A recurring feature of the market is that the best product, technologically speaking, does not always win the biggest sales.

Microsoft is not a bad place to have some money but I would head to a smaller company now," said Sanjiv Hingorani, analyst at Nomura Research Institute in New York. He rates both Microsoft and Intel "hold" because the companies face big challenges in the next phase of computer evolution. Most of their major competitors are worth buying, he said.

Both Microsoft and Intel made their fortunes from the shift in the 1980s to individual personal computers and away from mainframes. Now the companies, along with their rivals, are targeting the so-called client/server market. Software for this market will enable corporate customers to run wide networks of PCs, all connected to a central personal computer.

Analysts have estimated that the client/server market could be worth as much as \$15 billion in worldwide annual revenues. Unsurprisingly, competition to produce new operating systems is already fierce. Microsoft's product for this market, Windows NT (New Technology), will compete with Novell's already well-established Network System and its newly acquired Unix system as well as with new products from Digital Equipment Corp., Hewlett-Packard, International Business Machines, Next and Sun Microsystems.

There are plenty of international medical insurance plans, and it is around this time of the year that they update their benefits

Prescribing Expatriate Health Insurance

By Barbara Wall

IF you are planning a temporary move overseas, you probably wouldn't dream of leaving the family home empty without some form of insurance protection. By the same token, health insurance should be high up on your list of priorities. Yet, horror stories of expatriates falling ill abroad without sufficient cover are all too common.

While the occasional cold or flu virus is unlikely to cause you too much financial hardship, a serious illness, which requires hospitalization, may render you financially as well as physically incapacitated.

"Hospitals in countries such as Japan and the United States may not treat you unless you have ready cash or can offer proof of existing insurance cover," said a spokesman for Transcare International, a London-based medical insurance provider. "If you are living in remote areas of North Africa or the Caribbean, and you don't fancy sharing your hospital bed with the local insect population, you may have to pick up the tab for an expensive airlift to the nearest large town."

stantly updating their product literature and adding new features and clauses, it becomes increasingly difficult to tell them apart. One solution, generally not to be recommended, is to opt for the cheapest cover available. Britain's Expacare offers a basic plan with an annual premium of just \$350 for clients aged from 40 to 44. Medicare, another British company, offers a plan for \$493 that covers the same age band. Both plans are similar in that cover is restricted to countries other than the United States, Canada and the Caribbean, and the range of benefits are broadly the same. However, the level of cover varies, with Expacare providing cover up to \$308,000 and Medicare up to \$1.54 million.

choosing a plan? Geographical location will inevitably impose restrictions. Some plans will not provide cover for the United States, Canada and the Caribbean because of the high cost of medical treatment in these countries. Where cover is provided, expect to pay fairly hefty premiums.

Even if you are moving to a country that offers fairly high standards of health care and a comprehensive social security system, it is not worth leaving things to chance. It can take several months before you receive a social security number. And should you require treatment in the interim, you will probably have to pay for it out of your own resources—not all countries have reciprocal health insurance agreements.

If you are already partly covered by your employer or by the state health service in the base country, it might be worth considering supplementary insurance. International Health Insurance, which is based in Denmark, provides a supplementary basic insurance that covers treatment in and out of the hospital up to 20 percent.

Choosing the right plan will involve wading through a mass of product literature and sales jargon. But the effort will be worthwhile, if only for peace of mind.

Other new products expected to hit the market in the next couple of years include hand-held computers, pen-based computers and more sophisticated desktop and notebook computers. Every company wants to achieve what Microsoft has with its MS-DOS operating system: an industry standard. But developing a standard is getting more difficult. Competitors are lined up by the dozens, eager to copy new products and charge less for them. Also, technological innovations mean that already successful companies will be forced to develop new products at the same rate as their competitors.

But many analysts remain bullish about Microsoft's long-term prospects. Lehman Brothers analyst David Reiderman rates Microsoft the strongest "buy" in the sector, thanks to a positive outlook for its Windows NT operating systems and its new "Windows at Work" venture, which will link computers, phones, copiers, fax machines and printers into one office system.

Microsoft is my ranked stock," said Mr. Reiderman. "It should be a core holding in the sector." He rates Microsoft's applications software, mainly Lotus and Nobel as "weak buys" and Borland, which has been losing market share, as a "sell."

Both Microsoft and Intel made their fortunes from the shift in the 1980s to individual personal computers and away from mainframes. Now the companies, along with their rivals, are targeting the so-called client/server market. Software for this market will enable corporate customers to run wide networks of PCs, all connected to a central personal computer.

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Benefits and Premiums

Table with columns: Plan, Benefits, Area 1, Area 2, Max. cover, Age. Rows include Amex, Bupa, Expacare, Medicare, PPP, and Transcare with various benefit details and premium amounts.

Trust Law, Under Revision in Britain, Also Has Its Continental Models

By Beverly Chandler

IF it works, don't fix it. That, more or less, has for centuries been the main argument in favor of the trust, a concept that still forms an integral part of the system of financial safeguards in countries such as the United States, Britain, and many other countries. What is extraordinary about trusts is not that their existence is under threat, especially so after the way Robert Maxwell was able to walk through them to steal millions from pension funds—but that they have survived until today.



Partly because of this, the type of structures that pension funds enjoy in Europe are looking somewhat more appealing. Colin Pugh, managing director of William M. Mercer International, points out that there are very similar things to trusts on the Continent, and he quotes specifically three examples, Switzerland, the Netherlands and Belgium.

In Switzerland, he says, the combination of the state pension plus the mandatory occupational plans leads to a high level of pension fund assets, currently around 200 billion Swiss francs (\$133 billion) for a labor force of 3.3 million, according to "Pension Provision in the EC," by Debbie Harrison. For the administration of a pension fund plan, the Swiss use a "board of foundation" structure, which must be administered separately from the company. This board has between six and eight members, of whom three are elected employees' representatives.

Whether the trust structure or the board of foundation structure is the better is imponderable. According to the National Association of Pension Funds, the latest proposals agreed by the European Parliament include a recommendation that assets should be held by custodians who are financially and legally independent.

Some industry observers argue that the drift toward an Anglo-Saxon model of investment is primarily because of proposed changes in EC policy on pension investment, rather than fund structures. In other words, the custodian—or trustee—will have to take a prudent attitude toward investment. That will mean diversifying as a prudent man might.

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which has been running successfully for more than 5 years. The investment is managed by Jyske Bank experts who follow market trends closely thereby ensuring your investment works hard for potential high returns. The minimum deposit required to join this programme is USD 8,000 or the equivalent in another currency, which is topped up with a loan of four times your own deposit. You will only be liable for your own deposit. Jyske Bank, a well-known international bank, ranks as the 4th largest bank in Denmark and has served international private clients for almost three decades.

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No. 1 OFFSHORE COMPANY SPECIALISTS. Lists various offshore company specialists and their details.

JYSKE BANK. Contact information and logo for Jyske Bank.

SPORTS WIMBLEDON

Sampras and Graf Roll On as the Top Seeds All Advance

WIMBLEDON, England—Top seeds Pete Sampras and Steffi Graf rolled into Wimbledon's fourth round with decisive victories Friday. Sampras won his third-round match, 6-4, 6-1, 6-1, in 87 minutes over Byron Black, a Zimbabwean. Black fended off seven set points before yielding the first set, but offered little resistance thereafter.

Graf, seeking her fifth Wimbledon title, crushed Helena Kelesi of Canada, 6-0, 6-0, in 35 minutes. It was the second shutout for Graf, who has lost only three games in three matches.

"You go out there to play your best," Graf said when asked about the lopsided score. "I wish she'd played better. I think it's wrong to lose a few games to make the score look better."

The other top contenders in action, men and women, also advanced — a contrast with Thursday, when 7th-seeded Ivan Lendl and No. 10 Andre Medvedev were ousted.

Rocky Becker, the No. 4 seed, played a long, grueling match in his first two matches but overcame Jakob Hlasek of Switzerland, 6-3, 3-6, 6-2, 6-3.

Andre Agassi, the defending champion and No. 8 seed, squandered a 3-0 lead in the second-set tiebreaker, but otherwise had no problems in a 6-1, 6-7 (7-5), 6-0, 6-3 victory over Patrick Rafter, a qualifier from Australia ranked 178th in the world.

"He gave it everything he had in the second set, and then he had a big letdown," Agassi said.

No. 6 seed Michael Stich, the 1991 champion and one of the favorites this year, downed the South African Christo Van Rensburg, 6-3, 6-4, 6-4.

Sampras's chief worry was a nosedive in the middle of the second set, but he continued to dominate play after treatment by a tournament trainer.

"I thought I played about as well as I could," Sampras said. "The whole tournament is pretty wide open. There are half a dozen guys capable of winning it here, and I'm one of them."

Also moving into the fourth round was ninth-seeded Richard Krajicek, slamming 20 aces to beat Laurence Tierlemans of Italy, 6-2, 7-5, 6-2. The Dutchman, who lost in the third round in his two previous Wimbledons, will play Agassi next.

No. 11 seed Petr Korda defeated the American Derrick Rostagno, 6-3, 6-4, 6-1, the first time the Czech has survived the third round here.

In women's play, Yayuk Basuki of Indonesia upset 10th-seeded Magdalena Maleeva, the last survivor of the three highly ranked Bulgarian-born sisters. Basuki, a 6-4, 6-2 winner, also reached the fourth round last year.

Jennifer Capriati, the No. 7 seed, had her hands full early with Brenda Schnitz of the Netherlands, the hardest server on the women's tour, but prevailed, 7-5, 4-6, 6-2.

Third-seeded Arantxa Sanchez Vicario defeated Patty Fendick, 6-3, 6-2. No. 6 Conchita Martinez beat Pascale Paradis-Mangon of France, 7-5, 6-0, and 15th-seeded Helena Sukova of the Czech Republic rallied to beat Elena Boulikovets of Ukraine, 6-7 (7-4), 6-3, 6-3.



Andre Agassi, the defending champ, lost the second set Friday but then cruised past Patrick Rafter.

Britain Cheers Foster And New 'Killer Instinct'

By Ian Thomsen
International Herald Tribune

WIMBLEDON—Doctor Peter Tudor-Miles was admitted to Court 14 after the ninth game of the second set Friday. He found the Russian sitting like a British boxer, heavy-lidded, drowsy and ironic. Take these the doctor said, pressing a couple of pills into his hand.

"Time!" the umpire ordered, and the crowd started up again, oblivious to the opponent hunched over in his chair.

"Andrew!" His favorite name rose up in concert like guitar licks. "Come on, Andrew!" A woman in the audience looked at her fist and whispered, "You can do it."

The 21-year-old Andrew Foster of Britain, No. 332 in the world, with red curly hair and a beard so thin as to make him look younger, trudged out toward his purpose.

It was a suicide mission. Sink the *Bismarck*. The unbelievably fine sun and all of this applause conspired perspiration out of him. He stood in his opposite corner, both hands around his racket, lifting one foot and then the other, waiting. At last the Russian moved. A

racket was his cane as he stood himself up, and Andre Olhovskiy walked across the court slowly, smoothly, not wishing to shake himself up. He wore a white outfit of subtle contrasts, and in the shadow of a baseball cap his face most resembled the gray sleeves. He looked as though the doctor should have brought out a bucket. But he was ranked 49th in the world, which in this contest made him bigger than Stalin, plus he was on serve late into the second set. He was the perfect villain; as long as he didn't throw up, he could pretend like he wasn't about to.

The ball stumbled over the net tape and hopped up nicely one stride from the Russian's forehead. The Russian did not appear to be in a hurry. Olhovskiy then raised his arms and, like a statue being spun from the base, plunked a return winner across the court. Now he had two break points he obviously didn't want. Meanwhile the crowd hummed with tension.

Under such pressure Foster executed two aces, and later he would congratulate the prowess of his own serve. Olhovskiy let them pass him by like moths. Just as Foster was preparing to serve for the set, he saw this old man walking along a back alley, from behind. Looking at the umpire, he clasped his hands and spread them apart.

The umpire said, "Ladies and gentlemen, Mr. Olhovskiy retires," and then it was difficult to hear the last bit. The score was 6-3, 6-5.

The day had begun with two Britons in Wimbledon's third round for the first time since 1977, when Buster Mottram, Jonathan Smith and Mark Cox had the bottle, as they say. Cox got as far as the Round of 16 before losing in five sets to Billy Martin, who was not the baseball manager.)

There might have been three this year, because Chris Bailey, No. 263 in the world and wishing to become the first Briton to win on Centre Court in eight years, held match point in the 12th game of the final set while awaiting the second serve of the Croatian Goran Ivanesevic. It cracked the tape like a rifle firing with the spent shell airborne, and for that agonizing instant women were holding their hair and screaming — and then the ball landed in Bailey's court. Ivanesevic then served an ungodly ace down the middle. Three games later, Ivanesevic curled a forehand lob that became incredible when it landed in the corner. Then he broke Bailey.

Witnesses there were 17 Britons in the men's and women's singles on Monday, there was now only Chris Wilkinson, 23 and No. 143 in the world, and Foster.

As for Foster, the British writers occupying the two front rows of the press room wanted to know whether he felt any compassion for the Russian. "Not really," he said, adding: "That's a bit harsh, really, because we all get injured from time to time. I've had to concede matches. It's a bit unfortunate really."

They went around about how he hadn't done anything to help the Russian, with Foster never looking comfortable, because they forced him to sit on a high stage. Then someone asked, "Is this lack of compassion really from you a sign of the new sort of killer instinct in British tennis now?"

"I don't think you'll find Jim Courier being too sympathetic, really," Foster said.

"Oh, no, we're very happy about it," the writer replied, speaking for the group. "It's nice to see someone showing a bit of guts and killer instinct. In the old days it was, 'Are you all right, old chap? Can I carry your bag for you?'"

In their next rounds, Foster and Wilkinson will meet, respectively, Pete Sampras and Stefan Edberg. Oh, my. Did we fail to mention that earlier? Well: Three cheers for the new killer instinct — Hip, hip, hurrah! — and may the Russian be contagious.

Friday Results

NEWS SHOOTERS, THIRD ROUND
Pete Sampras (1), United States, def. Byron Black (Zimbabwe), 6-4, 6-1, 6-1.
Steffi Graf (4), Germany, def. Helena Kelesi (Canada), 6-0, 6-0.
Andre Agassi (8), United States, def. Patrick Rafter (Australia), 6-1, 6-7 (7-5), 6-0, 6-3.
Michael Stich (6), Germany, def. Christo Van Rensburg (South Africa), 6-3, 6-4, 6-4.
Petr Korda (11), Czech Republic, def. Derrick Rostagno (United States), 6-3, 6-4, 6-1.

WOMEN'S SINGLES, THIRD ROUND
Jennifer Capriati (7), United States, def. Brenda Schnitz (Netherlands), 7-5, 4-6, 6-2.
Arantxa Sanchez Vicario (3), Spain, def. Patty Fendick (United States), 6-3, 6-2.
Conchita Martinez (6), France, def. Pascale Paradis-Mangon (France), 7-5, 6-0.
Helena Sukova (15), Czech Republic, def. Elena Boulikovets (Ukraine), 6-7 (7-4), 6-3, 6-3.

SIDELINES

2d French Soccer Player Detained
VALENCIENNES, France (AP) — A second French soccer player was questioned Friday in connection with an investigation into charges of game fixing between the Valenciennes team and the European club champion Olympique Marseille.

Jean-Jacques Eydie of Marseille presented himself voluntarily to the police for questioning, said his lawyer, Thierry Herzog.

A Valenciennes player, Christophe Robert, remained in custody Friday after being questioned concerning an accusation that he received 250,000 francs (\$43,800) for holding back in the match against Marseille on May 20. He left the game after 23 minutes complaining of a painful knee. Marseille beat Valenciennes, 1-0, although it had already clinched its fifth consecutive league crown. Marseille met Italy's AC Milan in the final of the European Champions' Cup four days later, beating Milan 1-0 to become the first French team to win a European club title.

Van de Velde in French Golf Lead
SAINT-QUENTIN-EN-YVELINES, France (AP) — Jean Van de Velde of France shot a record-tying, seven-under-par 64 over the 6,455-meter (7,031-yard) National Golf Course here Friday to lead the French Open by one shot after two rounds.

Van de Velde, 27, collected eight birdies and dropped a single shot to par to finish 11-under overall at 131. Italy's Constantino Rocca shot a 66 to share second place with Scotland's Gary Orr (67), one shot off the pace at 132.

The Welsh golfer Ian Woosnam has been charged with driving under the influence of alcohol after swerving off a country road near Myddle, England, on Thursday and ploughing his Mercedes 500SL through a hedge into a field, the police said Friday. Woosnam's wife, Glendryth, 32, was hospitalized suffering rib injuries and shock. Woosnam, 36, was unhurt.

Goaltenders Top Picks in NHL Draft
QUEBEC (AP) — Starting with John Vanbiesbroek, goaltenders were the gold of the National Hockey League expansion draft as the Florida Panthers and Anaheim Mighty Ducks stocked their rosters for the 1993-94 season on Thursday.

Vanbiesbroek, who won the Vezina Trophy as the NHL's best goaltender in 1985-86, was the No. 1 pick of the draft by Florida. Vanbiesbroek was taken off the roster of the Vancouver Canucks, who acquired him in a trade with the New York Rangers on Sunday.

The Ducks picked Glenn Healy, who had played himself into the No. 1 position with the New York Islanders late in the season and starred in the playoffs. Guy Hebert of St. Louis was the Ducks' No. 1 pick.

PERSONALS

MAY THE SACRED HEART OF JESUS be adored, glorified, loved and prayed to in every home, school, office and public place. Sacred Heart of Jesus pray for us. Sacred Heart, warrior of Michael, may I see you in my life. Sacred Heart, pray for my soul. Sacred Heart, pray for my family. Sacred Heart, pray for my country. Sacred Heart, pray for the world. Sacred Heart, pray for the Holy Spirit. Sacred Heart, pray for the Holy Eucharist. Sacred Heart, pray for the Holy Mass. Sacred Heart, pray for the Holy Communion. Sacred Heart, pray for the Holy Sacraments. Sacred Heart, pray for the Holy Mysteries. Sacred Heart, pray for the Holy Sacrament of Penance. Sacred Heart, pray for the Holy Sacrament of the Eucharist. Sacred Heart, pray for the Holy Sacrament of Matrimony. Sacred Heart, pray for the Holy Sacrament of Holy Orders. Sacred Heart, pray for the Holy Sacrament of Anointing of the Sick. Sacred Heart, pray for the Holy Sacrament of Baptism. 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DAVE BARRY

The Pop-Tart Defense

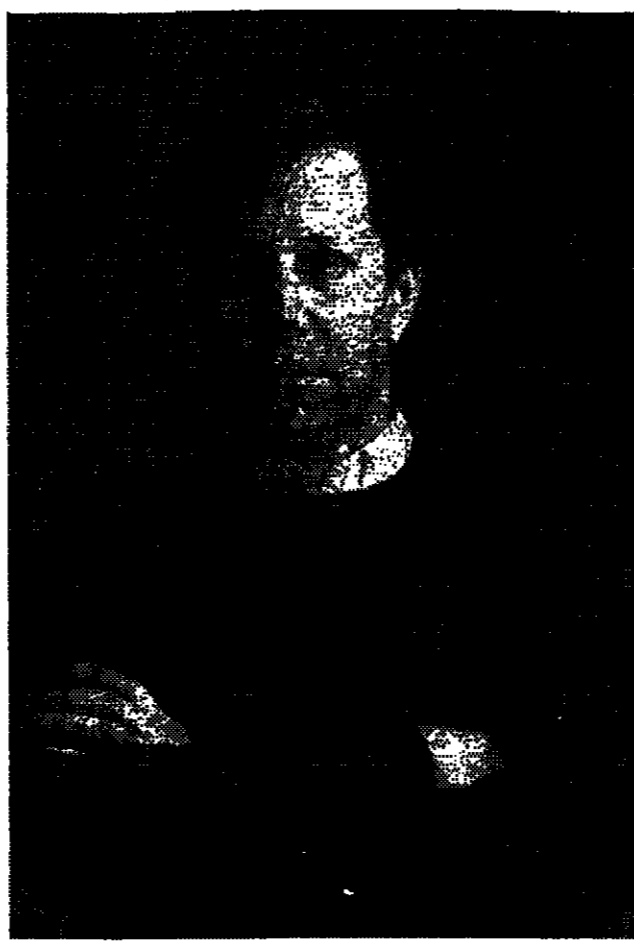
MIAMI — The thing I like best about being a journalist, aside from being able to clip my toenails while working, is that sometimes, through hard work and perseverance and opening my mail, I come across a story that can really help you, the consumer, gain a better understanding of how you can be killed by breakfast snack food.

This is just such a time. I have received an alarming article from the New Philadelphia (Ohio) Times-Reporter headlined: "Overheated Pop-Tarts Cause Dover House Fire, Officials Say." The article states that five officials investigating a house fire in Dover, Ohio, concluded that "when the Pop-Tarts failed to eject the Pop-Tarts, they caught fire and set the kitchen ablaze."

Rhyme and Reason: Can Poetry Matter?

By Katherine Knott

PARIS — "I, too, dislike it," Marianne Moore famously wrote of poetry. She didn't, of course, and neither should anyone. If people dislike poetry these days, it is because much of what is being published is boring. Never has so much poetry been printed for so small an audience. As with stonal music or junk labeled as sculpture, contemporary poetry, issuing forth from the universities, simply has nothing to say to the civilian reader.



Dana Gioia has a goal: Saving poetry as an art in America.

"I write for a kind of audience that I was told did not exist," he said. Gioia and the other New Formalists remember that, long before there was a poet laureate in the United States, people recited or listened to poetry because it was mesmerizing and inspiring, and because it spoke to their experiences.

PEOPLE

A Working Honeymoon For the Japanese Royals

Crown Prince Naruhiko and Princess Masako are in Isse, on Japan's central coast, in their first trip outside Tokyo since their wedding on June 9, and though thousands of cheering well-wishers crowded the streets to greet them, this honeymoon is strictly business. Before reporting their marriage to the sun goddess Amaterasu, they have to spend a night, in separate rooms, in the Purification Hall of the Ise Shrine, the most sacred of sites in Shinto. They must bathe in lukewarm water to purify themselves before offering their prayers to the sun goddess and to the goddess of food at another Ise shrine on Saturday.

WEATHER

Weather forecast section including maps for Europe, Asia, and the Americas, and a detailed table titled 'THIS WEEKEND AT THE BEACH' with columns for location, weather, and wave heights.

If you're going to travel all over the map, here's how to call from almost any point on it.



Table titled 'AT&T Access Numbers' listing international dialing codes for various countries like Andorra, Armenia, Austria, etc.

AT&T puts the world at your fingertips. Just dial the AT&T access number of the country you're calling for quick, clear connections back to the U.S. and lots of other countries.



Handwritten Arabic text at the bottom of the page.